FIFTY EIGHTH DAY

MORNING SESSION

Senate Chamber, Olympia, Tuesday, March 10, 2015

The Senate was called to order at 9:00 a.m. by President Owen. The Secretary called the roll and announced to the President that all Senators were present with the exception of Senator Liias.

The Sergeant at Arms Color Guard consisting of Pages Emma Kilcup and Nathan Rawson, presented the Colors. Reverend Tin Ilgen of St. Joseph Parish of Chehalis offered the prayer.

MOTION

On motion of Senator Fain, the reading of the Journal of the previous day was dispensed with and it was approved.

MOTION

On motion of Senator Fain, the Senate advanced to the fifth order of business.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

SHB 1021 by House Committee on Public Safety (originally sponsored by Representatives Appleton, Orwall, Robinson, Bergquist, Cody, Hudgins, Senn, Santos and Fey)

AN ACT Relating to creating a silver alert system; amending RCW 13.60.010; and creating a new section.

Referred to Committee on Law & Justice.

SHB 1037 by House Committee on Judiciary (originally sponsored by Representatives Moeller, Ormsby and Kilduff)

AN ACT Relating to implementing changes to child support based on the child support schedule work group report; amending RCW 26.19.011, 26.19.020, 26.19.065, 26.19.075, and 26.19.090; adding a new section to chapter 26.19 RCW; creating a new section; and providing an effective date.

Referred to Committee on Law & Justice.

HB 1059 by Representatives Fagan, Goodman, Hayes, Moscoso, Takko, Tarleton, Orwall, Nealey, Klippert, Pettigrew, Gregerson, Haler, Fitzgibbon, Stanford and Farrell

AN ACT Relating to sexually violent predators; amending RCW 71.09.070 and 71.09.020; providing an effective date; and declaring an emergency.

Referred to Committee on Human Services, Mental Health & Housing.

SHB 1127 by House Committee on Labor (originally sponsored by Representatives Chandler and Sells)

AN ACT Relating to the agricultural labor skills and safety grant program; adding a new section to chapter 43.330 RCW; creating a new section; and providing an expiration date.

Referred to Committee on Agriculture, Water & Rural Economic Development.

SHB 1159 by House Committee on Transportation (originally sponsored by Representatives Pike, Wylie, Moeller, Zeiger, Kochmar, Harmsworth and Ryu)

AN ACT Relating to the safety of new drivers; adding a new section to chapter 46.20 RCW; creating new sections; and providing an expiration date.

Referred to Committee on Transportation.

SHB 1178 by House Committee on Public Safety (originally sponsored by Representatives Moscoso, Appleton, DeBolt and Haler)

AN ACT Relating to assault in the third degree; amending RCW 9A.36.031; and prescribing penalties.

Referred to Committee on Law & Justice.

HB 1230 by Representatives Sells and Ormsby

AN ACT Relating to the ordering of interest arbitration; and amending RCW 41.56.160.

Referred to Committee on Commerce & Labor.

E2SHB 1272 by House Committee on General Government & Information Technology (originally sponsored by Representatives Buys, Orwall and Pollet)

AN ACT Relating to the wrongful distribution of intimate images; adding a new chapter to Title 9A RCW; and prescribing penalties.

Referred to Committee on Law & Justice.

E2SHB 1276 by House Committee on General Government & Information Technology (originally sponsored by Representatives Klippert, Goodman, Hayes, Orwall, Moscoso, Pettigrew, Zeiger, Kilduff and Fey)

AN ACT Relating to impaired driving; amending RCW 10.21.055, 46.20.385, 46.20.740, 46.20.308, 46.20.750, 46.25.120, 46.61.140, 46.61.5055, 46.01.260, 43.43.395, 9.94A.589, 46.61.504, 46.61.503, 46.20.755, 36.28A.300, 36.28A.320, 36.28A.330, 36.28A.370, 36.28A.390, 10.21.015, and 10.21.030; reenacting and amending RCW 46.52.130; adding a new section to chapter 46.61 RCW; repealing RCW 36.28A.310; and prescribing penalties.

Referred to Committee on Law & Justice.

HB 1294 by Representatives Bergquist, Stambaugh, S. Hunt, Appleton, Riccelli, Walkinshaw, Ortiz-Self, Blake, Wylie, Fitzgibbon, Carlyle, Moscoso, Goodman, Tarleton, Stanford, Senn, Pettigrew, Orwall, Jinkins, Sawyer, Tharinger, Cody, Lytton, Farrell, Gregerson, Moeller, Gregory, Robinson, Takko, Pollet, Sullivan, McBride, Reykdal, Dunshee, Sells, Kagi, Springer, Van De Wege, Kilduff, Peterson, Hudgins and Fey

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AN ACT Relating to enhancing youth voter registration; amending RCW 29A.08.210, 29A.08.330, 29A.08.710, 29A.08.810, 46.20.155, and 42.56.250; adding a new section to chapter 29A.08 RCW; creating new sections; and providing an effective date.

Referred to Committee on Government Operations & Security.

SHB 1319 by House Committee on Public Safety (originally sponsored by Representatives Goodman and Moscoso)

AN ACT Relating to technical corrections to processes for persons sentenced for offenses committed prior to reaching eighteen years of age; amending RCW 9.94A.501, 9.94A.533, 9.94A.728, 9.94A.729, 10.95.030, 9.94A.730, 10.95.035, and 9.94A.704; and declaring an emergency.

Referred to Committee on Human Services, Mental Health & Housing.

ESHB 1417 by House Committee on Local Government (originally sponsored by Representatives Takko, Kochmar and Pike)

AN ACT Relating to the referendum of assumptions of water-sewer districts by cities and towns; and adding new sections to chapter 35.13A RCW.

Referred to Committee on Government Operations & Security.

HB 1560 by Representatives Hudgins, Ortiz-Self, Ryu, Moscoso, Reykdal, Gregerson, Peterson, Bergquist, Santos, McBride and Ormsby

AN ACT Relating to recognizing the thirty-first of March as Cesar Chavez Day; and reenacting and amending RCW 1.16.050.

Referred to Committee on Government Operations & Security.

SHB 1586 by House Committee on Transportation (originally sponsored by Representatives Manweller, Dent, Orcutt and Wylie)

AN ACT Relating to the Royal Slope railroad; amending RCW 47.76.290; adding a new section to chapter 47.46 RCW; and declaring an emergency.

Referred to Committee on Transportation.

HB 1595 by Representatives Senn, Clibborn, Walsh and Ormsby

AN ACT Relating to changing the definition of labor hours for the purposes of the apprenticeship utilization statute; and amending RCW 39.04.310.

Referred to Committee on Commerce & Labor.

2SHB 1654 by House Committee on General Government & Information Technology (originally sponsored by Representatives Peterson, Lytton, Fitzgibbon, Blake and Walkinshaw)

AN ACT Relating to controlling noxious weeds while still supporting pollen-rich forage plant communities for honey bees; amending RCW 17.10.145; adding a new section to chapter 43.220 RCW; creating a new section; and providing an expiration date.

Referred to Committee on Ways & Means.

SHB 1668 by House Committee on Public Safety (originally sponsored by Representatives Kilduff, Muri, Hurst, Fey, Stokesbary, Jinkins, Stambaugh, Kirby, Zeiger and Sawyer)

AN ACT Relating to restricting conditional releases of sexually violent predators outside their county of origin; and amending RCW 71.09.096.

Referred to Committee on Ways & Means.

E2SHB 1682 by House Committee on Appropriations (originally sponsored by Representatives Fey, Stambaugh, Walsh, Riccelli, Goodman, Orwall, Zeiger, Appleton, Van De Wege, Lytton, Gregerson, Reykdal, Tarleton, Ortiz-Self, Kagi, Carlyle, Wylie, Bergquist, S. Hunt, Tharinger, Senn, Robinson, Moscoso, Pollet, Walkinshaw, McBride and Jinkins)

AN ACT Relating to improving educational outcomes for homeless students through increased in-school guidance supports, housing stability, and identification services; and amending RCW 28A.300.540.

Referred to Committee on Early Learning & K-12 Education.

ESHB 1685 by House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Gregerson, Hudgins, McBride, Peterson, Bergquist, Ortiz-Self, Tarleton, Orwall, Robinson, Farrell, Riccelli, Fitzgibbon, Walkinshaw, Senn, Lytton, Appleton, Ryu, Tharinger, Moscoso, Ormsby, Fey and Jinkins)

AN ACT Relating to the establishment of a Washington food policy forum; creating new sections; and providing an expiration date.

Referred to Committee on Agriculture, Water & Rural Economic Development.

SHB 1718 by House Committee on Appropriations (originally sponsored by Representatives Ormsby, Kilduff, Sullivan, Hayes, Tharinger, MacEwen, Sawyer, Zeiger, Walsh, Rodne, Hudgins, Van De Wege, Appleton, Muri, Reykdal, Tarleton and Pollet)

AN ACT Relating to membership in the Washington public safety employees' retirement system for employees who provide nursing care to, or ensure the custody and safety of, offender, probationary, and patient populations in institutions and centers; amending RCW 41.37.010; adding a new section to chapter 41.37 RCW; and creating a new section.

Referred to Committee on Ways & Means.

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SHB 1749 by House Committee on Labor (originally sponsored by Representatives MacEwen, Manweller and Condotta)

AN ACT Relating to contractor registration requirements for owners of property; and amending RCW 18.27.010.

Referred to Committee on Commerce & Labor.

HB 1770 by Representatives Bergquist, Magendanz, Pollet, Lytton, Muri and Goodman

AN ACT Relating to changing explicit alternative routes to teacher certification program requirements to expectations for program outcomes; amending RCW 28A.660.020 and 28A.660.035; and repealing RCW 28A.660.040.

Referred to Committee on Early Learning & K-12 Education.

HB 1863 by Representatives Reykdal, Muri, Bergquist, S. Hunt, Fey, Gregory, Haler, Sells, Pollet, Tarleton, Springer, Moscoso, Wylie, Stanford, Ryu, Appleton, Walkinshaw, Fitzgibbon and Goodman

AN ACT Relating to modifying collective bargaining law related to providing additional compensation for academic employees at community and technical colleges; amending RCW 28B.52.035 and 28B.50.140; and creating a new section.

Referred to Committee on Commerce & Labor.

SHB 1893 by House Committee on Higher Education (originally sponsored by Representatives Sells, Haler, Moscoso, Zeiger, Pollet, S. Hunt, Appleton, Riccelli, Tarleton, Ormsby and Bergquist)

AN ACT Relating to increasing transparency in community and technical colleges by requiring certain budget detail to be available online; adding a new section to chapter 28B.50 RCW; and creating a new section.

Referred to Committee on Higher Education.

EHB 2086 by Representatives McBride, Walkinshaw, Moscoso, Farrell, Riccelli, Ormsby, Ryu, Robinson and Pollet

AN ACT Relating to the hosting of the homeless by religious organizations; and amending RCW 36.01.290, 35.21.915, and 35A.21.360.

Referred to Committee on Human Services, Mental Health & Housing.

SHB 2109 by House Committee on Appropriations (originally sponsored by Representatives Springer, Manweller, Pettigrew, Harris, Kilduff, S. Hunt, Bergquist, Lytton, Tharinger and Santos)

AN ACT Relating to creating the Washington small business retirement marketplace; adding new sections to chapter 43.330 RCW; adding a new section to chapter 43.320 RCW; and creating new sections.

Referred to Committee on Ways & Means.

MOTION

On motion of Senator Fain, all measures listed on the Introduction and First Reading report were referred to the committees as designated with the exception of House Bill No. 1059 which was referred to the Committee on Human Services, Mental Health & Housing.

MOTION

On motion of Senator Fain, the Senate advanced to the eighth order of business.

MOTION

Senator Billig moved adoption of the following resolution:

SENATE RESOLUTION
8623

By Senators Billig, Baumgartner, Cleveland, Jayapal, Conway, Chase, Hasegawa, Liias, McCoy, Hargrove, Hatfield, Kohl-Welles, Keiser, Mullet, Pedersen, McAuliffe, Fraser, Nelson, Rolfes, Padden, Parlette, Dammeier, Brown, O'Ban, Becker, Fain, Rivers, Schoesler, Sheldon, Hewitt, Hill, Benton, Roach, Warnick, Dansel, and Darneille

WHEREAS, When she was only a teenager, Carla Oman Peperzak was a Jewish member of the Dutch Resistance during World War II who saved at least 40 people from Nazi persecution; and

WHEREAS, In 1940, Peperzak was 16 and living in Holland when the Nazi occupation started, the country which had the highest Jewish fatality rate of Western Europe in World War II; and

WHEREAS, Peperzak dedicated herself to protecting others, frequently and fearlessly placing her own life in danger; and

WHEREAS, Equipped with stolen German identification papers and a German nurse's uniform, Peperzak became active in the Resistance, forging identification papers, serving as a messenger for the underground movement, and helping publish a newsletter of Allied Forces' activities, all at perilous risk to her own safety; and

WHEREAS, During the course of her missions, Peperzak was stopped at least three times while in disguise, the first when she rescued her 2-year-old cousin who had been taken by the Nazis, and she escaped by using resourcefulness to distract German officers; and

WHEREAS, Peperzak became a United States citizen in 1958 and moved to Spokane in 2004; and

WHEREAS, Peperzak now speaks publicly and passionately about her experiences at schools in Eastern Washington and Idaho, and shares her story to educate the next generations and because there are few Holocaust survivors remaining;

NOW, THEREFORE, BE IT RESOLVED, That the Washington State Senate honor and recognize Carla Oman Peperzak as a selfless and brave hero, who saved the lives of many and is now using her experiences to speak to new generations and educate us all about our history and the human

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capacity to care for others while facing unimaginably difficult challenges.

Senators Billig, Padden and Baumgartner spoke in favor of adoption of the resolution.

The President declared the question before the Senate to be the adoption of Senate Resolution No. 8623.

The motion by Senator Billig carried and the resolution was adopted by voice vote.

INTRODUCTION OF SPECIAL GUESTS

The President welcomed members of Carla;s family and friends, Mark Peperzak, Chet Hosey, Karen Peperzak, Bob Cummings, Marian Peperzak, Katie Peperzak, Julie Birashk, Dustin Birashk and Yvonne Pererzak-Blake who were seated in the gallery.

INTRODUCTION OF SPECIAL GUESTS

The President welcomed and introduced Carla Peperzak who was seated at the rostrum.

REMARKS BY CARLA PEPERZAK

Carla Peperzak: "Thank you, Thank you so very much. This is an over whelming and I still have a hard time to believe that it's really real. It's very special that the state of Washington sees fit to honor me with this resolution. What I was involved in was so many years ago and somehow if you would ask my opinion I would tell you at that time it was the least I could do. I had the possibility to help and the need was there and I was lucky to find the right people who I could ask for assistance continuously. It has been 10.5 years since I became a citizen of this beautiful and wonderful state. I came became here because my oldest daughter lives in Spokane. Spokane is a special town with great people and I'm grateful to be able to live there. I wish to thank Senator Billig for sponsoring this resolution. It's something that I will treasure for the rest of my life. Thank you."

MOTION

On motion of Senator Fain, the Senate reverted to the seventh order of business.

THIRD READING
CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

MOTION

Senator Warnick moved that Robert J. Moser, Gubernatorial Appointment No. 9121, be confirmed as a member of the Central Washington University Board of Trustees.

Senator Warnick spoke in favor of the motion.

MOTION

On motion of Senator Habib, Senator Liias was excused.

APPOINTMENT OF ROBERT J. MOSER

The President declared the question before the Senate to be the confirmation of Robert J. Moser, Gubernatorial Appointment No. 9121, as a member of the Central Washington University Board of Trustees.

The Secretary called the roll on the confirmation of Robert J. Moser, Gubernatorial Appointment No. 9121, as a member of the Central Washington University Board of Trustees and the appointment was confirmed by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Excused: Senator Liias

Robert J. Moser, Gubernatorial Appointment No. 9121, having received the constitutional majority was declared confirmed as a member of the Central Washington University Board of Trustees.

MOTION

On motion of Senator Habib, Senator Frockt was excused.

MOTION

On motion of Senator Fain, the Senate reverted to the sixth order of business.

SECOND READING

SENATE BILL NO. 5694, by Senators Padden, Baumgartner and Billig

Allowing assessments for nuisance abatement in cities and towns.

MOTIONS

On motion of Senator Padden, Substitute Senate Bill No. 5694 was substituted for Senate Bill No. 5694 and the substitute bill was placed on the second reading and read the second time.

On motion of Senator Padden, the rules were suspended, Substitute Senate Bill No. 5694 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Padden spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute Senate Bill No. 5694.

ROLL CALL

The Secretary called the roll on the final passage of Substitute Senate Bill No. 5694 and the bill passed the Senate by the following vote: Yeas, 40; Nays, 9; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Hargrove, Hatfield, Hewitt, Hill, Hobbs, Honeyford, King, Liias, Litzow, McCoy, Miloscia, Mullet, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Voting nay: Senators Fraser, Frockt, Habib, Hasegawa, Jayapal, Keiser, Kohl-Welles, McAuliffe and Nelson

SUBSTITUTE SENATE BILL NO. 5694, having received the constitutional majority, was declared passed. There being no

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objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5328, by Senators Kohl-Welles, Bailey and Chase

Disseminating financial aid information.

MOTIONS

On motion of Senator Kohl-Welles, Substitute Senate Bill No. 5328 was substituted for Senate Bill No. 5328 and the substitute bill was placed on the second reading and read the second time.

On motion of Senator Kohl-Welles, the rules were suspended, Substitute Senate Bill No. 5328 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Kohl-Welles and Bailey spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute Senate Bill No. 5328.

ROLL CALL

The Secretary called the roll on the final passage of Substitute Senate Bill No. 5328 and the bill passed the Senate by the following vote: Yeas, 49; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

SUBSTITUTE SENATE BILL NO. 5328, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5656, by Senators Rivers, Chase, Fain and Keiser

Enhancing public safety by reducing distracted driving incidents caused by the use of personal wireless communications devices.

MOTION

On motion of Senator Rivers, Substitute Senate Bill No. 5656 was substituted for Senate Bill No. 5656 and the substitute bill was placed on the second reading and read the second time.

MOTION

Senator Benton moved that the following amendment by Senators Benton, Liias and Roach be adopted:
On page 4, after line 9, insert the following:

"(6) Infractions under this section shall not become part of the driver's record under RCW 46.52.101 and 46.52.120. Additionally, a finding that a person has committed a traffic infraction under this section shall not be made available to insurance companies or employers."

Renumber the remaining sections consecutively and correct any internal references accordingly.

Senators Benton, Hobbs and King spoke in favor of adoption of the amendment.

Senator Rivers spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senators Benton, Liias and Roach on page 4, line 9 to Substitute Senate Bill No. 5656.

The motion by Senator Benton failed and the amendment was not adopted by voice vote.

MOTION

Senator Benton moved that the following amendment by Senator Benton and others be adopted:
On page 4, after line 9, insert the following:
"(6) Infractions under this section shall not become part of the driver's record under RCW 46.52.101 and 46.52.120. Additionally, a finding that a person has committed a traffic infraction under this section shall not be made available to insurance companies or employers."

WITHDRAWAL OF AMENDMENT

On motion of Senator Benton, the amendment by Senator Benton and others on page 4, line 9 to Substitute Senate Bill No. 5656 was withdrawn.

MOTION

Senator Liias moved that the following amendment by Senators Liias and Rivers be adopted:
On page 4, after line 9, insert the following:

"(6) Except in the case of a driver that holds a commercial driver's license issued under chapter 46.20 RCW, a first finding that a person has committed a traffic infraction under this section shall not be made available to insurance companies or employers."

Senators Liias, Benton, Rivers and Hobbs spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senators Liias and Rivers on page 4, after line 9 to Substitute Senate Bill No. 5656.

The motion by Senator Liias carried and the amendment was adopted by voice vote.

MOTION

On motion of Senator Rivers, the rules were suspended, Engrossed Substitute Senate Bill No. 5656 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Rivers, Hewitt, Chase, Habib, Hobbs, Dansel, King, Angel, Liias spoke in favor of passage of the bill.

Senators Hargrove, Darneille McAuliffe and Benton spoke against passage of the bill.

POINT OF INQUIRY

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Senator Roach: "Would Senator Rivers yield to a question?"

Senator Rivers: "Senator Rivers does not yield."

Senator Roach spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5656.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5656 and the bill passed the Senate by the following vote: Yeas, 35; Nays, 14; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Becker, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Fain, Fraser, Frockt, Habib, Hewitt, Hill, Hobbs, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McCoy, Miloscia, Mullet, Nelson, O'Ban, Parlette, Pedersen, Ranker, Rivers, Rolfes and Warnick

Voting nay: Senators Baumgartner, Benton, Darneille, Ericksen, Hargrove, Hasegawa, Hatfield, Honeyford, McAuliffe, Padden, Pearson, Roach, Schoesler and Sheldon

ENGROSSED SUBSTITUTE SENATE BILL NO. 5656, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION TO LIMIT DEBATE

Senator Fain: "Mr. President, I move that the members of the Senate be allowed to speak but once on each question before the Senate, that such speech be limited to three minutes and that members be prohibited from yielding their time, however, the maker of a motion shall be allowed to open and close debate. This motion shall be in effect through March 10, 2015."

The President declared the question before the Senate to be the motion by Senator Fain to limit debate.

The motion by Senator Fain carried and debate was limited through March 10, 2015 by voice vote.

SECOND READING

SENATE BILL NO. 5832, by Senator Angel

Modifying time limitations for certain plat approvals.

The measure was read the second time.

MOTION

On motion of Senator Angel, the rules were suspended, Senate Bill No. 5832 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Angel spoke in favor of passage of the bill.

Senators Liias, Fraser and Rolfes spoke against passage of the bill.

MOTION

On motion of Senator Fain, further consideration of Senate Bill No. 5832 was deferred and the bill held its place on the third reading calendar.

SECOND READING

SENATE BILL NO. 5487, by Senators Baumgartner, Billig, Rivers, Keiser, Schoesler, Hatfield, Angel, King, Liias, Mullet, Dansel, Ericksen, Warnick, Honeyford, Brown, Hasegawa, Hewitt and Chase

Concerning higher education programs at Washington State University and the University of Washington.

MOTIONS

On motion of Senator Baumgartner, Substitute Senate Bill No. 5487 was substituted for Senate Bill No. 5487 and the substitute bill was placed on the second reading and read the second time.

On motion of Senator Baumgartner, the rules were suspended, Substitute Senate Bill No. 5487 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Baumgartner, Billig, Hargrove, Keiser, Kohl-Welles, Parlette, Frockt, Bailey, King, Benton and Becker spoke in favor of passage of the bill.

Senators Pedersen and McAuliffe spoke against passage of the bill.

MOTION

Senator Padden demanded that the previous question be put.

The President declared that at least two additional senators joined the demand and the demand was sustained.

The President declared the question before the Senate to be, "Shall the main question be now put?"

The motion by Senator Padden carried and the previous question was put by voice vote.

The President declared the question before the Senate to be the final passage of Substitute Senate Bill No. 5487.

ROLL CALL

The Secretary called the roll on the final passage of Substitute Senate Bill No. 5487 and the bill passed the Senate by the following vote: Yeas, 45; Nays, 4; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McCoy, Miloscia, Mullet, O'Ban, Padden, Parlette, Pearson, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Voting nay: Senators Darneille, McAuliffe, Nelson and Pedersen

SUBSTITUTE SENATE BILL NO. 5487, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5321, by Senators Benton, Mullet, Hobbs, Angel and Fain

Concerning registration of persons providing debt settlement services. Revised for 1st Substitute: Concerning licensure of persons providing debt settlement services.

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MOTION

On motion of Senator Benton, Substitute Senate Bill No. 5321 was substituted for Senate Bill No. 5321 and the substitute bill was placed on the second reading and read the second time.

MOTION

Senator Benton moved that the following amendment by Senators Hobbs and Mullet be adopted:

On page 12, line 40, after "debt." insert "By contract a provider may charge a total fee for debt adjusting services, including, but not limited to, any fee charged by a financial institution or a third-party account administrator, may not exceed twenty percent of the total debt listed by the debtor on the contract. The fee retained by the provider from any one payment made by or on behalf of the debtor may not exceed twenty percent of the payment."

Senators Benton and Hobbs spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senators Hobbs and Mullet on page 12, line 40 to Substitute Senate Bill No. 5321.

The motion by Senator Benton carried and the amendment was adopted by voice vote.

MOTION

On motion of Senator Benton, the rules were suspended, Engrossed Substitute Senate Bill No. 5321 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Benton, Hobbs and Angel spoke in favor of passage of the bill.

Senators Mullet, Nelson, Darneille and Jayapal spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5321.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5321 and the bill passed the Senate by the following vote: Yeas, 27; Nays, 22; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Braun, Brown, Dammeier, Dansel, Ericksen, Fain, Hewitt, Hill, Hobbs, Honeyford, King, Litzow, Miloscia, O'Ban, Padden, Parlette, Pearson, Rivers, Roach, Schoesler, Sheldon and Warnick

Voting nay: Senators Billig, Chase, Cleveland, Conway, Darneille, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Jayapal, Keiser, Kohl-Welles, Liias, McAuliffe, McCoy, Mullet, Nelson, Pedersen, Ranker and Rolfes

ENGROSSED SUBSTITUTE SENATE BILL NO. 5321, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5179, by Senators Hill, McAuliffe, Litzow, Mullet, Hobbs and Dammeier

Concerning paraeducators.

MOTION

On motion of Senator Hill, Second Substitute Senate Bill No. 5179 was substituted for Senate Bill No. 5179 and the second substitute bill was placed on the second reading and read the second time.

MOTION

Senator McAuliffe moved that the following amendment by Senator McAuliffe be adopted:

On page 1, line 15, after "works in the" insert "special education program, the"

On page 2, line 26, after "work in the" insert "special education program, the"

On page 2, line 37, after "programs in the" insert "special education program, the"

Senators McAuliffe, Rolfes and McCoy spoke in favor of adoption of the amendment.

Senators Rivers and Hill spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator McAuliffe on page 1, line 15 to Second Substitute Senate Bill No. 5179.

The motion by Senator McAuliffe failed and the amendment was not adopted by voice vote.

MOTION

Senator Nelson moved that the following amendment by Senator Nelson be adopted:

On page 3, line 5, after "learning environment;" strike "and"

On page 3, line 7, after "process" insert "; and

(v) Demonstrating cultural competency aligned with standards developed by the professional educator standards board under RCW 28A.410.270"

On page 5, line 16, after "<u>learning environment,</u>" strike "<u>and</u>"

On page 5, line 17, after "<u>process</u>" insert "<u>, and (v) demonstrating cultural competency aligned with standards developed by the professional educator standards board under RCW 28A.410.270</u>"

Senators Nelson and Jayapal spoke in favor of adoption of the amendment.

Senator Hill spoke on adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Nelson on page 3, line 5 to Second Substitute Senate Bill No. 5179.

The motion by Senator Nelson carried and the amendment was adopted by voice vote.

MOTION

On motion of Senator Hill, the rules were suspended, Engrossed Second Substitute Senate Bill No. 5179 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Hill, Mullet, Billig, McAuliffe, Jayapal and Rolfes spoke in favor of passage of the bill.

draft

The President declared the question before the Senate to be the final passage of Engrossed Second Substitute Senate Bill No. 5179.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute Senate Bill No. 5179 and the bill passed the Senate by the following vote: Yeas, 45; Nays, 3; Absent, 1; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Darneille, Fain, Fraser, Frockt, Habib, Hargrove, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Voting nay: Senators Dansel, Ericksen and Hasegawa

Absent: Senator Liias

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5179, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5577, by Senators Braun and Cleveland

Concerning pharmaceutical waste.

The measure was read the second time.

MOTION

Senator Braun moved that the following striking amendment by Senators Braun and Cleveland be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1) The legislature finds that health care workers operate in a complex regulatory environment that can affect their core mission of treating illness and saving lives.

(2) It is the legislature's intent that the department of ecology, with input from the regulated community, develop a consistent, statewide approach for regulating pharmaceutical waste that most effectively helps health care establishments, and pharmaceutical and medical waste handling businesses implement and comply with the regulation of pharmaceutical wastes under chapter 70.105 RCW.

(3) It is the intent of the legislature that the department of ecology implement consistent regulatory oversight of pharmaceutical waste management facilities in the state in order to support a level playing field.

NEW SECTION. **Sec. 2.** (1) By September 1, 2015, the department shall convene a work group to identify the problems of properly managing pharmaceutical wastes and recommend solutions to improve management of these wastes at the site of generation through treatment or disposal by commercial waste management facilities. The work group may develop recommendations including, but not limited to, new or revised policies to be issued by the department, recommendations for ensuring consistent interpretation and implementation of existing rules, recommendations for amendments to chapter 70.105 RCW or rules adopted pursuant to chapter 70.105 RCW, and recommendations on how the department will implement consistent regulatory oversight of pharmaceutical waste management facilities that receive waste from sources statewide. The work group must provide recommendations to the appropriate fiscal and policy committees of the legislature by December 31, 2015.

(2) The members of the work group must include representatives of state agencies, including the department, the department of health, and the department of labor and industries, the state's qualified pharmaceutical waste handling facilities, a statewide association representing medical doctors, hospitals and other health care providers, and other parties with expertise in the field of pharmaceutical waste management. To facilitate the work group, the department must hire a consultant that is on the state list of qualified contractors with expertise in the federal resource conservation and recovery act.

(3) In order to promote an open dialogue on the challenges of managing pharmaceutical wastes at the site of generation and by commercial waste management companies, the department may not use information shared by pharmaceutical waste generators or pharmaceutical waste handling facilities during work group meetings for enforcement purposes unless the department determines that an activity being performed at a facility or conditions at a facility: (a) Pose an imminent threat of placing a person in danger of death or bodily harm; or (b) have a probability of causing environmental harm.

(4) The legislature encourages the department to exercise its enforcement discretion with regard to pharmaceutical waste during the pendency of the work group process described in subsection (1) of this section.

(5) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Department" means the department of ecology.

(b) "Pharmaceutical waste generators" includes hospitals, clinics, and other health care facilities that administer pharmaceuticals.

(c) "Qualified pharmaceutical waste handling facilities" includes facilities that handle state-only pharmaceutical waste destined for disposal at a facility eligible to accept such waste, process medical waste to eliminate biohazards, operate a wastewater treatment plant pursuant to a valid state waste discharge permit issued under chapter 90.48 RCW, and offer appropriate training to pharmaceutical waste generators on sorting and disposal of pharmaceutical waste.

(d) "State-only pharmaceutical waste" includes any schedule I through V controlled substances as defined in chapter 69.50 RCW, legend drugs as defined in chapter 69.41 RCW, and over-the-counter medications as defined in chapter 69.60 RCW that are designated as dangerous waste under rules adopted under chapter 70.105 RCW and that are not a hazardous waste under the federal resource conservation and recovery act, 42 U.S.C. Sec. 6901 et seq."

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Braun and Cleveland to Senate Bill No. 5577.

The motion by Senator Braun carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "waste;" strike the remainder of the title and insert "and creating new sections."

MOTION

draft

On motion of Senator Braun, the rules were suspended, Engrossed Senate Bill No. 5577 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Braun, Cleveland and McCoy spoke in favor of passage of the bill.

Senator Fraser spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 5577.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 5577 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 1; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Voting nay: Senator Fraser

ENGROSSED SENATE BILL NO. 5577, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

PERSONAL PRIVILEGE

Senator Hargrove: "Thank you Mr. President. If you were a little taller you would have been able to see to see Senator Becker."

REPLY BY THE PRESIDENT

President Owen: "And as I said the last time, I can still see my shoes!"

SECOND READING

SENATE BILL NO. 5871, by Senators Angel, Liias, Roach, McCoy and Chase

Creating appeal procedures for single-family homeowners with failing septic systems required to connect to public sewer systems.

The measure was read the second time.

MOTION

Senator Angel moved that the following striking amendment by Senator Angel be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** A new section is added to chapter 35.21 RCW to read as follows:

(1) A city with an ordinance or resolution requiring, upon the failure of an on-site septic system, connection to a public sewer system must, in accordance with this section, provide an administrative appeals process to consider denials of permit applications to repair or replace the septic system. The administrative appeals process required by this section applies only to requests to repair or replace existing, failing on-site septic systems that:

(a) Were made for a single-family residence by its owner or owners;

(b) Were denied solely because of a law, regulation, or ordinance requiring connection to a public sewer system; and

(c) Absent the applicable law, regulation, or ordinance requiring connection to a public sewer system upon which the denial was based, would be approved.

(2) If the city has an administrative appeals process, the city may, subject to the requirements of this section, use that process. The administrative appeals process required by this section, however, must be presided over by the legislative body of the city or by an administrative hearings officer.

(3) The administrative appeals process required by this section must, at a minimum, consider whether:

(a) It is cost-prohibitive to require the property owner to connect to the public sewer system. In complying with this subsection (3)(a), the city must consider the estimated cost to repair or replace the on-site septic system compared to the estimated cost to connect to the public sewer system;

(b) There are public health or environmental considerations related to allowing the property owner to repair or replace the on-site septic system. In complying with this subsection (3)(b), the city must consider whether the repaired or replaced on-site septic system contributes to the pollution of surface waters or groundwater;

(c) There are public sewer system performance or financing considerations related to allowing the property owner to repair or replace the on-site septic system; and

(d) There are financial assistance programs or latecomer agreements offered by the city or state that may impact a decision of the property owner to repair or replace the on-site septic system.

(4) If the city, following the appeals process required by this section, determines that the property owner must connect the residence to the public sewer system, the property owner may, in complying with the determination and subject to approval of appropriate permits, select and hire contractors at his or her own expense to perform the work necessary to connect the residence to the public sewer system.

(5) Unless otherwise required by law, a city determination requiring the owner of a single-family residence with a failing on-site septic system to connect a residence to a public sewer system is not subject to appeal.

(6) For purposes of this section, "city" means a city or town.

NEW SECTION. **Sec. 2.** A new section is added to chapter 35A.21 RCW to read as follows:

(1) A city with an ordinance or resolution requiring, upon the failure of an on-site septic system, connection to a public sewer system must, in accordance with this section, provide an administrative appeals process to consider denials of permit applications to repair or replace the septic system. The administrative appeals process required by this section applies only to requests to repair or replace existing, failing on-site septic systems that:

(a) Were made for a single-family residence by its owner or owners;

(b) Were denied solely because of a law, regulation, or ordinance requiring connection to a public sewer system; and

(c) Absent the applicable law, regulation, or ordinance requiring connection to a public sewer system upon which the denial was based, would be approved.

draft

(2) If the city has an administrative appeals process, the city may, subject to the requirements of this section, use that process. The administrative appeals process required by this section, however, must be presided over by the legislative body of the city or by an administrative hearings officer.

(3) The administrative appeals process required by this section must, at a minimum, consider whether:

(a) It is cost-prohibitive to require the property owner to connect to the public sewer system. In complying with this subsection (3)(a), the city must consider the estimated cost to repair or replace the on-site septic system compared to the estimated cost to connect to the public sewer system;

(b) There are public health or environmental considerations related to allowing the property owner to repair or replace the on-site septic system. In complying with this subsection (3)(b), the city must consider whether the repaired or replaced on-site septic system contributes to the pollution of surface waters or groundwater;

(c) There are public sewer system performance or financing considerations related to allowing the property owner to repair or replace the on-site septic system; and

(d) There are financial assistance programs or latecomer agreements offered by the city or state that may impact a decision of the property owner to repair or replace the on-site septic system.

(4) If the city, following the appeals process required by this section, determines that the property owner must connect the residence to the public sewer system, the property owner may, in complying with the determination and subject to approval of appropriate permits, select and hire contractors at his or her own expense to perform the work necessary to connect the residence to the public sewer system.

(5) Unless otherwise required by law, a city determination requiring the owner of a single-family residence with a failing on-site septic system to connect a residence to a public sewer system is not subject to appeal.

(6) For purposes of this section, "city" means a "code city" as defined in RCW 35A.01.035.

NEW SECTION. **Sec. 3.** A new section is added to chapter 36.01 RCW to read as follows:

(1) A county with an ordinance or resolution requiring, upon the failure of an on-site septic system, connection to a public sewer system must, in accordance with this section, provide an administrative appeals process to consider denials of permit applications to repair or replace the septic system. The administrative appeals process required by this section applies only to requests to repair or replace existing, failing on-site septic systems that:

(a) Were made for a single-family residence by its owner or owners;

(b) Were denied solely because of a law, regulation, or ordinance requiring connection to a public sewer system; and

(c) Absent the applicable law, regulation, or ordinance requiring connection to a public sewer system upon which the denial was based, would be approved.

(2) If the county has an administrative appeals process, the county may, subject to the requirements of this section, use that process. The administrative appeals process required by this section, however, must be presided over by the legislative body of the county or by an administrative hearings officer.

(3) The administrative appeals process required by this section must, at a minimum, consider whether:

(a) It is cost-prohibitive to require the property owner to connect to the public sewer system. In complying with this subsection (3)(a), the county must consider the estimated cost to repair or replace the on-site septic system compared to the estimated cost to connect to the public sewer system;

(b) There are public health or environmental considerations related to allowing the property owner to repair or replace the on-site septic system. In complying with this subsection (3)(b), the county must consider whether the repaired or replaced on-site septic system contributes to the pollution of surface waters or groundwater;

(c) There are public sewer system performance or financing considerations related to allowing the property owner to repair or replace the on-site septic system; and

(d) There are financial assistance programs or latecomer agreements offered by the county or state that may impact a decision of the property owner to repair or replace the on-site septic system.

(4) If the county, following the appeals process required by this section, determines that the property owner must connect the residence to the public sewer system, the property owner may, in complying with the determination and subject to approval of appropriate permits, select and hire contractors at his or her own expense to perform the work necessary to connect the residence to the public sewer system.

(5) Unless otherwise required by law, a county determination requiring the owner of a single-family residence with a failing on-site septic system to connect a residence to a public sewer system is not subject to appeal."

The President declared the question before the Senate to be the adoption of the striking amendment by Senator Angel to Senate Bill No. 5871.

Senator Liias spoke in favor of adoption of the striking amendment.

The motion by Senator Angel carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 3 of the title, after "systems;" strike the remainder of the title and insert "adding a new section to chapter 35.21 RCW; adding a new section to chapter 35A.21 RCW; and adding a new section to chapter 36.01 RCW."

MOTION

On motion of Senator Angel, the rules were suspended, Engrossed Senate Bill No. 5871 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Angel, Liias and Nelson spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 5871.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 5871 and the bill passed the Senate by the following vote: Yeas, 49; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow,

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McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

ENGORSSED SENATE BILL NO. 5871, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

PERSONAL PRIVILEGE

Senator Angel: "This last bill, a wonderful lady by the name of Linda Madsen worked on this for year after year after year with me and we lost Linda this last year to a brain aneurism. I just want to say to the body, thank you so much and to Linda, we got it done, we got it done. I made that commitment to her on her memorial service and I'm happy to stand to say the job is part way finished but we're getting there. Thank you Mr. President."

SECOND READING

SENATE BILL NO. 5346, by Senators Ranker, Mullet, Darneille, Liias, Conway, McAuliffe, Keiser and Chase

Providing first responders with contact information for subscribers of life alert services during an emergency. Revised for 1st Substitute: Providing first responders with contact information for subscribers of personal emergency response services during an emergency.

MOTION

On motion of Senator Ranker, Substitute Senate Bill No. 5346 was substituted for Senate Bill No. 5346 and the substitute bill was placed on the second reading and read the second time.

MOTION

Senator Ranker moved that the following striking amendment by Senator Ranker be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** A new section is added to chapter 70.54 RCW to read as follows:

(1) When requested by first responders during an emergency, employees of companies providing personal emergency response services must provide to first responders the name, address, and any other information necessary for first responders to contact subscribers within the jurisdiction of the emergency.

(2) Companies providing personal emergency response services may adopt policies to respond to requests from first responders to release subscriber contact information during an emergency. Policies may include procedures to:

(a) Verify that the requester is a first responder;

(b) Verify that the request is made pursuant to an emergency;

(c) Fulfill the request by providing the subscriber contact information; and

(d) Deny the request if no emergency exists or if the requester is not a first responder.

(3) Information received by a first responder under subsection (1) of this section is confidential and exempt from disclosure under chapter 42.56 RCW, and may be used only in responding to the emergency that prompted the request for information. Any first responder receiving the information must destroy it at the end of the emergency.

(4) It is not a violation of this section if a personal emergency response services company or an employee makes a good faith effort to comply with this section. In addition, the company or employee is immune from civil liability for a good faith effort to comply with this section. Should a company or employee prevail upon the defense provided in this section, the company or employee is entitled to recover expenses and reasonable attorneys' fees incurred in establishing the defense.

(5) First responders and their employing jurisdictions are not liable for failing to request the information in subsection (1) of this section. In addition, this act does not create a private right of action nor does it create any civil liability on the part of the state or any of its subdivisions, including first responders.

(6) For the purposes of this section:

(a) "Emergency" means an occurrence that renders the personal emergency response services system inoperable for a period of twenty-four or more continuous hours, and that requires the attention of first responders acting within the scope of their official duties.

(b) "First responder" means firefighters, law enforcement officers, and emergency medical personnel, as licensed or certificated by this state.

(c) "Personal emergency response services" means a service provided for profit that allows persons in need of emergency assistance to contact a call center by activating a wearable device, such as a pendant or bracelet.

(7) This section does not require a personal emergency response services company to:

(a) Provide first responders with subscriber contact information in nonemergency situations; or

(b) Provide subscriber contact information to entities other than first responders."

The President declared the question before the Senate to be the adoption of the striking amendment by Senator Ranker to Substitute Senate Bill No. 5346.

The motion by Senator Ranker carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 3 of the title, after "emergency;" strike the remainder of the title and insert "and adding a new section to chapter 70.54 RCW."

MOTION

On motion of Senator Ranker, the rules were suspended, Engrossed Substitute Senate Bill No. 5346 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Ranker spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5346.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5346 and the bill passed the Senate by the following vote: Yeas, 49; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway,

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Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

ENGROSSED SUBSTITUTE SENATE BILL NO. 5346, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5091, by Senators Brown, Hewitt and Sheldon

Including nuclear energy in the definition of a "qualified alternative energy resource" for the purposes of RCW 19.29A.090.

The measure was read the second time.

MOTION

Senator McCoy moved that the following amendment by Senator McCoy be adopted:

On page 1, line 17 after "agreements." Insert "For residential customers, the option must specify the percentage of electricity fueled by (a) through (g), and including (i) of subsection (3) of this section, and the percentage of electricity fueled by nuclear energy."

Senators McCoy and Brown spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator McCoy on page 1, line 17 to Senate Bill No. 5091.

The motion by Senator McCoy carried and the amendment was adopted by voice vote.

MOTION

On motion of Senator Brown, the rules were suspended, Engrossed Senate Bill No. 5091 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Brown and Sheldon spoke in favor of passage of the bill.

Senator Rolfes spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 5091.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 5091 and the bill passed the Senate by the following vote: Yeas, 29; Nays, 20; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Braun, Brown, Cleveland, Dammeier, Dansel, Ericksen, Fain, Hatfield, Hewitt, Hobbs, Honeyford, King, McAuliffe, McCoy, Miloscia, Mullet, Padden, Parlette, Pearson, Rivers, Roach, Schoesler, Sheldon and Warnick

Voting nay: Senators Billig, Chase, Conway, Darneille, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hill, Jayapal, Keiser, Kohl-Welles, Liias, Litzow, Nelson, O'Ban, Pedersen, Ranker and Rolfes

ENGROSSED SENATE BILL NO. 5091, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

On motion of Senator Fain, the Senate reverted to the fourth order of business.

MESSAGE FROM THE HOUSE

March 9, 2015

MR. PRESIDENT:
The House has passed:
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1390,
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1471,
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1485,
SUBSTITUTE HOUSE BILL NO. 2012,
SUBSTITUTE HOUSE BILL NO. 2085,
HOUSE BILL NO. 2140,
HOUSE BILL NO. 2181
and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

March 9, 2015

MR. PRESIDENT:
The House has passed:
SUBSTITUTE HOUSE BILL NO. 1135,
SUBSTITUTE HOUSE BILL NO. 1183,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1186,
HOUSE BILL NO. 1307,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1349,
HOUSE BILL NO. 1397,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1448,
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1450,
SUBSTITUTE HOUSE BILL NO. 1480,
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1491,
SUBSTITUTE HOUSE BILL NO. 1496,
SUBSTITUTE HOUSE BILL NO. 1503,
SUBSTITUTE HOUSE BILL NO. 1505,
HOUSE BILL NO. 1531,
SUBSTITUTE HOUSE BILL NO. 1536,
HOUSE BILL NO. 1545,
SUBSTITUTE HOUSE BILL NO. 1559,
HOUSE BILL NO. 1561,
HOUSE BILL NO. 1599,
SUBSTITUTE HOUSE BILL NO. 1617,
HOUSE BILL NO. 1627,
HOUSE BILL NO. 1652,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1713,
ENGROSSED HOUSE BILL NO. 1729,
HOUSE BILL NO. 1732,
SUBSTITUTE HOUSE BILL NO. 1737,
SUBSTITUTE HOUSE BILL NO. 1738,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1740,

draft

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1762,
SUBSTITUTE HOUSE BILL NO. 1800,
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1825,
SUBSTITUTE HOUSE BILL NO. 1874,
HOUSE BILL NO. 1884,
ENGROSSED HOUSE BILL NO. 1890,
SECOND SUBSTITUTE HOUSE BILL NO. 1916,
SUBSTITUTE HOUSE BILL NO. 1956,
SUBSTITUTE HOUSE BILL NO. 1966,
SUBSTITUTE HOUSE BILL NO. 1967.
and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

At 12:04 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 3:04 p.m. by President Owen.

MOTION

On motion of Senator Fain, the Senate advanced to the seventh order of business.

THIRD READING
CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

MOTION

Senator Warnick moved that Juanita Richards, Gubernatorial Appointment No. 9146, be confirmed as a member of the Board of Trustees, Big Bend Community College No. 18.

Senator Warnick spoke in favor of the motion.

MOTION

On motion of Senator Habib, Senator Ranker was excused.

APPOINTMENT OF JUANITA RICHARDS

The President declared the question before the Senate to be the confirmation of Juanita Richards, Gubernatorial Appointment No. 9146, as a member of the Board of Trustees, Big Bend Community College No. 18.

The Secretary called the roll on the confirmation of Juanita Richards, Gubernatorial Appointment No. 9146, as a member of the Board of Trustees, Big Bend Community College No. 18 and the appointment was confirmed by the following vote: Yeas, 49; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Juanita Richards, Gubernatorial Appointment No. 9146, having received the constitutional majority was declared confirmed as a member of the Board of Trustees, Big Bend Community College No. 18.

MOTION

On motion of Senator Fain, the Senate reverted to the sixth order of business.

SECOND READING

SENATE BILL NO. 5144, by Senators Dammeier, Becker, Bailey, Rivers, Brown, Parlette and O'Ban

Requiring all meetings of the Robert Bree collaborative to be subject to the open public meetings act.

The measure was read the second time.

MOTION

On motion of Senator Dammeier, the rules were suspended, Senate Bill No. 5144 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Dammeier and Frockt spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Senate Bill No. 5144.

ROLL CALL

The Secretary called the roll on the final passage of Senate Bill No. 5144 and the bill passed the Senate by the following vote: Yeas, 45; Nays, 4; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McCoy, Miloscia, Mullet, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Voting nay: Senators Hasegawa, Hatfield, McAuliffe and Nelson

SENATE BILL NO. 5144, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5743, by Senators Fain, Hobbs, Benton, Mullet and Angel

Addressing insurance producers, insurers, and title insurance agents activities with customers and potential customers.

MOTION

On motion of Senator Mullet, Substitute Senate Bill No. 5743 was substituted for Senate Bill No. 5743 and the substitute bill was placed on the second reading and read the second time.

MOTION

Senator Benton moved that the following striking amendment by Senators Benton and Mullet be adopted:

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Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 48.30.140 and 2009 c 329 s 1 are each amended to read as follows:

(1) Except to the extent provided for in an applicable filing with the commissioner then in effect, no insurer, insurance producer, or title insurance agent shall, as an inducement to insurance, or after insurance has been effected, directly or indirectly, offer, promise, allow, give, set off, or pay to the insured or to any employee of the insured, any rebate, discount, abatement, or reduction of premium or any part thereof named in any insurance contract, or any commission thereon, or earnings, profits, dividends, or other benefit, or any other valuable consideration or inducement whatsoever which is not expressly provided for in the policy.

(2) Subsection (1) of this section shall not apply as to commissions paid to a licensed insurance producer, or title insurance agent for insurance placed on that person's own property or risks.

(3) This section shall not apply to the allowance by any marine insurer, or marine insurance producer, to any insured, in connection with marine insurance, of such discount as is sanctioned by custom among marine insurers as being additional to the insurance producer's commission.

(4) This section shall not apply to advertising or promotional programs conducted by insurers((~~,~~)) or insurance producers((~~, or title insurance agents~~)) whereby prizes, goods, wares, gift cards, gift certificates, or merchandise, not exceeding ((~~twenty-five~~)) one hundred dollars in value per person in the aggregate in any twelve month period, are given to all insureds or prospective insureds under similar qualifying circumstances. This subsection does not apply to title insurers or title insurance agents.

(5) This section does not apply to an offset or reimbursement of all or part of a fee paid to an insurance producer as provided in RCW 48.17.270.

(6)(a) Subsection (1) of this section shall not be construed to prohibit a health carrier or disability insurer from including as part of a group or individual health benefit plan or contract containing health benefits, a wellness program which meets the requirements for an exception from the prohibition against discrimination based on a health factor under the health insurance portability and accountability act (P.L. 104-191; 110 Stat. 1936) and regulations adopted pursuant to that act.

(b) For purposes of this subsection: (i) "Health carrier" and "health benefit plan" have the same meaning as provided in RCW 48.43.005; and (ii) "wellness program" has the same meaning as provided in 45 C.F.R. 146.121(f).

Sec. 2. RCW 48.30.150 and 2009 c 329 s 2 are each amended to read as follows:

(1) No insurer, insurance producer, title insurance agent, or other person shall, as an inducement to insurance, or in connection with any insurance transaction, provide in any policy for, or offer, or sell, buy, or offer or promise to buy or give, or promise, or allow to, or on behalf of, the insured or prospective insured in any manner whatsoever:

(a) Any shares of stock or other securities issued or at any time to be issued on any interest therein or rights thereto; or

(b) Any special advisory board contract, or other contract, agreement, or understanding of any kind, offering, providing for, or promising any profits or special returns or special dividends; or

(c) Any prizes, goods, wares, gift cards, gift certificates, or merchandise of an aggregate value in excess of ((~~twenty-five~~)) one hundred dollars per person in the aggregate in any consecutive twelve-month period. This subsection (1)(c) does not apply to title insurers or title insurance agents.

(2) Subsection (1) of this section shall not be deemed to prohibit the sale or purchase of securities as a condition to or in connection with surety insurance insuring the performance of an obligation as part of a plan of financing found by the commissioner to be designed and operated in good faith primarily for the purpose of such financing, nor shall it be deemed to prohibit the sale of redeemable securities of a registered investment company in the same transaction in which life insurance is sold.

(3)(a) Subsection (1) of this section shall not be deemed to prohibit a health carrier or disability insurer from including as part of a group or individual health benefit plan or contract providing health benefits, a wellness program which meets the requirements for an exception from the prohibition against discrimination based on a health factor under the health insurance portability and accountability act (P.L. 104-191; 110 Stat. 1936) and regulations adopted pursuant to that act.

(b) For purposes of this subsection: (i) "Health carrier" and "health benefit plan" have the same meaning as provided in RCW 48.43.005; and (ii) "wellness program" has the same meaning as provided in 45 C.F.R. 146.121(f).

NEW SECTION. **Sec. 3.** A new section is added to chapter 48.30 RCW to read as follows:

(1) An insurance producer may give to an individual, prizes, goods, wares, gift cards, gift certificates, or merchandise not exceeding one hundred dollars in value per person in any consecutive twelve-month period for the referral of insurance business to the insurance producer, if the giving of the prizes, goods, wares, gift cards, gift certificates, or merchandise is not conditioned upon the person who is referred applying for or obtaining insurance through the insurance producer.

(2) The payment for the referral must not be in cash, currency, bills, coins, check, or by money order.

(3) The provisions of RCW 48.30.140 and 48.30.150 do not apply to prizes, goods, wares, gift cards, gift certificates, or merchandise given to a person in compliance with subsections (1) and (2) of this section.

(4) Notwithstanding subsections (1) and (2) of this section, an insurance producer may pay to an unlicensed individual who is neither an insured nor a prospective insured a referral fee conditioned on the submission of an application if made in compliance with the provisions of RCW 48.17.490(4).

NEW SECTION. **Sec. 4.** A new section is added to chapter 48.30 RCW to read as follows:

(1) An insurance producer may sponsor events for, or make contributions to a bona fide charitable or nonprofit organization, if the sponsorship or contribution is not conditioned upon the organization applying for or obtaining insurance through the insurance producer.

(2) For purposes of this section, a bona fide charitable or nonprofit organization is:

(a) Any nonprofit corporation duly existing under the provisions of chapter 24.03 RCW for charitable, benevolent, eleemosynary, educational, civic, patriotic, political, social, fraternal, cultural, athletic, scientific, agricultural, or horticultural purposes;

(b) Any professional, commercial, industrial, or trade association;

(c) Any organization duly existing under the provisions of chapter 24.12, 24.20, or 24.28 RCW;

(d) Any agricultural fair authorized under the provisions of chapter 15.76 or 36.37 RCW; or

(e) Any nonprofit organization, whether incorporated or otherwise, when determined by the commissioner to be organized and operated for one or more of the purposes described in (a) through (d) of this subsection.

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(3) RCW 48.30.140 and 48.30.150 do not apply to sponsorships or charitable contributions that are provided or given in compliance with subsection (1) of this section."

Senators Benton and Mullet spoke in favor of adoption of the striking amendment.

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Benton and Mullet to Substitute Senate Bill No. 5743.

The motion by Senator Benton carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "customers;" strike the remainder of the title and insert "amending RCW 48.30.140 and 48.30.150; and adding new sections to chapter 48.30 RCW."

MOTION

On motion of Senator Mullet, the rules were suspended, Engrossed Substitute Senate Bill No. 5743 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Mullet, Benton and Fain spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5743.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5743 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 1; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Voting nay: Senator Hasegawa

ENGROSSED SUBSTITUTE SENATE BILL NO. 5743, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5404, by Senators O'Ban, Darneille, Frockt, Miloscia, Kohl-Welles, McAuliffe, Chase, Pedersen and Conway

Concerning homeless youth prevention and protection.

MOTIONS

On motion of Senator O'Ban, Second Substitute Senate Bill No. 5404 was substituted for Senate Bill No. 5404 and the substitute bill was placed on the second reading and read the second time.

On motion of Senator O'Ban, the rules were suspended, Second Substitute Senate Bill No. 5404 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators O'Ban and Darneille spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Second Substitute Senate Bill No. 5404.

ROLL CALL

The Secretary called the roll on the final passage of Second Substitute Senate Bill No. 5404 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 1; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Voting nay: Senator Padden

SECOND SUBSTITUTE SENATE BILL NO. 5404, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5768, by Senators Cleveland, Benton, Honeyford and Fraser

Concerning county electronic public auctions.

The measure was read the second time.

MOTION

On motion of Senator Cleveland, the rules were suspended, Senate Bill No. 5768 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Cleveland spoke in favor of passage of the bill.

Senator Hasegawa spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Senate Bill No. 5768.

ROLL CALL

The Secretary called the roll on the final passage of Senate Bill No. 5768 and the bill passed the Senate by the following vote: Yeas, 46; Nays, 3; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Voting nay: Senators Chase, Hargrove and Hasegawa

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SENATE BILL NO. 5768, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5624, by Senators Keiser, Honeyford and Conway

Concerning financing essential public infrastructure.

The measure was read the second time.

MOTION

Senator Keiser moved that the following striking amendment by Senators Keiser and Honeyford be adopted:

Strike everything after the enacting clause and insert the following:

"PART I
FINDINGS AND INTENT

NEW SECTION. **Sec. 101.** The legislature finds that access to low-cost financing from the municipal bond market for essential public infrastructure is impaired for local governments that need to borrow small amounts or that access the capital market infrequently. Prior efforts to finance essential public infrastructure projects with state tax resources result in competition between those projects and other essential demands on those state taxes. That competition has eroded the reliability of the state tax funded public infrastructure financing programs, creating uncertainty and delay in improving public infrastructure. The legislature intends to improve access and reliability to low-cost financing for essential public infrastructure projects by providing credit enhancements and pooling access to private market capital.

PART II
STATE FINANCE COMMITTEE PROVISIONS

NEW SECTION. **Sec. 201.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Bond" means any agreement which may or may not be represented by a physical instrument, including notes, warrants, or certificates of indebtedness, that evidences an indebtedness of a local government entity or a fund thereof, where the local government entity agrees to pay a specified amount of money, with or without interest, at a designated time or times to either registered owners or bearers.

(2) "Credit enhancement program" means the essential public works bond guarantee established by this chapter.

(3) "Essential public infrastructure project" or "project" is a project of a local government approved by the public works board under the provisions of section 304 of this act.

(4) "Guaranteed bond" means a bond that has been approved for credit enhancement pursuant to section 202 of this act by the state treasurer in accordance with policies established by the state finance committee.

(5) "Local government" means any county, city, town, port, water-sewer district, public utility district, metro-park district, park and recreation district, fire district, emergency medical services district, flood zone district, irrigation district, or library district in Washington state.

(6) "Paying agent" means the paying agent selected, from time to time, for a bond issue pursuant to state law.

(7) "Public works board" or "board" means the public works board or its successor organizations established in RCW 43.155.030.

NEW SECTION. **Sec. 202.** (1)(a) The full faith, credit, and taxing power of the state may be pledged to guarantee full and timely payment of the principal of and interest on bonds issued for essential public infrastructure projects as such payments become due. However, in the event of any acceleration of the due date of the principal by reason of mandatory redemption or acceleration resulting from default, the payments guaranteed shall be made in the amounts and at the times as payments of principal would have been due had there not been any acceleration.

(b) A guarantee pledged under (a) of this subsection does not extend to the payment of any redemption premium.

(c) Reference to this chapter by its title on the face of any bond conclusively establishes the guarantee provided to that bond under the provisions of this chapter.

(2)(a) The state pledges to and agrees with the owners of any guaranteed bonds that the state will not alter, impair, or limit the rights vested by the credit enhancement program with respect to a guaranteed bond until that guaranteed bond, together with applicable interest, is fully paid and discharged. However, this chapter does not preclude an alteration, impairment, or limitation if full provision is made by law for the payment of an outstanding guaranteed bond.

(b) Each local government may refer to this pledge and undertaking by the state in its guaranteed bonds in accordance with rules adopted by the state finance committee.

(3) Only validly issued bonds issued after the effective date of this section may be guaranteed under this chapter.

NEW SECTION. **Sec. 203.** The state finance committee must adopt rules that establish the financial criteria to be met before any credit enhancement can be provided under this chapter. The state finance committee may also establish a program, by rule, that allows the state treasurer to issue bonds to support multiple local government projects that have been approved by the public works board in accordance with this chapter.

NEW SECTION. **Sec. 204.** (1)(a) Any local government, by resolution of its governing body, may request that the state treasurer issue a certificate evidencing the state's guarantee, under this chapter, of its bonds for essential public infrastructure.

(b) After reviewing the request, if the state treasurer determines that the local government is eligible under rules adopted by the state finance committee, and the project has been approved by the public works board under provisions of section 304 of this act, the state treasurer must promptly issue the certificate as to specific bonds of the local government and provide that certificate to the requesting government.

(c) The local government receiving the certificate and all other persons may rely on the certificate as evidencing the guarantee for bonds issued within one hundred twenty days, without making further inquiry during that time.

(2) Any local government that has issued guaranteed bonds, the principal of or interest on which has been paid, in whole or in part, by the state under this chapter, may not, unless approved by the state treasurer under rules adopted by the state finance committee, issue any additional bonds, other than refunding bonds.

(3) The state finance committee may establish by rule fees sufficient to cover the costs of administering this chapter.

NEW SECTION. **Sec. 205.** (1)(a) The treasurer for each local government with outstanding, unpaid guaranteed bonds

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shall transfer money sufficient for each scheduled debt service payment to its paying agent, a trustee, a custodian, or to the state treasurer no fewer than ten days before any principal or interest payment date for the guaranteed bonds.

(b) A treasurer for a local government who is unable to transfer a scheduled debt service payment on the transfer date must immediately notify the state treasurer of that inability by any method designated by the state treasurer for that notice.

(2) If sufficient funds are not transferred to the paying agent or the trustee as required by subsection (1) of this section, the paying agent or trustee shall immediately notify the state treasurer of that failure by any method designated by the state treasurer for such notification.

(3)(a) If sufficient money to pay the scheduled debt service payment has not been so transferred to the paying agent, trustee, custodian, or state treasurer, the state treasurer must make provision for its payment prior to the scheduled debt service payment date.

(b) The payment by the state treasurer:

(i) Discharges the obligation of the issuing local government to its bond owners for the payment, but does not retire any bond that has matured; and

(ii) Transfers the rights represented by the local government from the bond owners to the state.

(c) The local government must repay to the state the money so transferred by the state treasurer as provided in this chapter, by rules adopted by the state finance committee, and any terms and conditions set forth by the state treasurer upon the issuance of the guarantee.

NEW SECTION. **Sec. 206.** (1) Any local government that has issued guaranteed bonds for which the state has made all or part of a debt service payment must:

(a) Reimburse all money drawn by the state treasurer on its behalf in accordance with this chapter, rules set forth by the state finance committee, and any terms and conditions set forth by the state treasurer;

(b) Pay interest to the state on all money paid by the state from the date that money was drawn to the date the state is repaid, at a rate to be determined in accordance with a rule adopted by the state finance committee, and any terms and conditions set forth by the state treasurer; and

(c) Pay all penalties required by this chapter.

(3)(a)(i) If the state treasurer determines that reimbursement amounts paid by a local government under subsection (1) of this section will not reimburse the state in full within one year from the state's payment of a local government's scheduled debt service payment, the state treasurer may pursue any legal action, including mandamus, against the local government to compel it to meet its repayment obligations to the state.

(ii) In pursuing its rights under (a)(i) of this subsection, the state shall have the same substantive and procedural rights as would an owner of a guaranteed bond. If and to the extent that the state has made payments to the owners of guaranteed bonds under section 204 of this act and has not been reimbursed by the local government, the state is subrogated to the rights of those guaranteed bond holders.

(b) The local government shall pay the fees, expenses, and costs incurred by the state in recovering amounts paid under the guarantee authorized by this chapter.

NEW SECTION. **Sec. 207.** If the state treasurer determines that a local government will be unable to meet its debt service obligations on guaranteed bonds on an ongoing basis, the legislature must make specific appropriations sufficient to meet the debt service obligations required to be paid pursuant to the guarantee provided for in this chapter or an amount sufficient to defease the bonds.

NEW SECTION. **Sec. 208.** To effect the provisions of Article VIII, section 1(m) of the state Constitution, Senate Joint Resolution No. 8204, the legislature shall make provision for such amounts as may be required to make timely payments under the credit enhancement program under this chapter in each and every biennial appropriations act.

NEW SECTION. **Sec. 209.** The state finance committee may adopt, under chapter 34.05 RCW, all rules necessary and appropriate for the implementation and administration of this chapter.

NEW SECTION. **Sec. 210.** If the state finance committee deems it appropriate, it may establish rules for pooling essential infrastructure projects for the sole purpose of financing.

PART III
PUBLIC WORKS BOARD PROVISIONS

Sec. 301. RCW 43.155.020 and 2009 c 565 s 33 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section shall apply throughout this chapter.

(1) "Board" means the public works board created in RCW 43.155.030.

(2) "Capital facility plan" means a capital facility plan required by the growth management act under chapter 36.70A RCW or, for local governments not fully planning under the growth management act, a plan required by the public works board.

(3) "Department" means the department of commerce.

(4) "Essential public infrastructure projects" has the same meaning as in section 201 of this act.

(5) "Financing guarantees" means the pledge of money in the public works assistance account, or money to be received by the public works assistance account, to the repayment of all or a portion of the principal of or interest on obligations issued by local governments to finance public works projects.

((~~(5)~~)) (6) "Local governments" means cities, towns, counties, special purpose districts, and any other municipal corporations or quasi-municipal corporations in the state excluding school districts ((~~and port districts~~)).

((~~(6)~~)) (7) "Public works project" means a project of a local government for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of streets and roads, bridges, water systems, or storm and sanitary sewage systems and solid waste facilities, including recycling facilities. A planning project may include the compilation of biological, hydrological, or other data on a county, drainage basin, or region necessary to develop a base of information for a capital facility plan.

((~~(7)~~)) (8) "Solid waste or recycling project" means remedial actions necessary to bring abandoned or closed landfills into compliance with regulatory requirements and the repair, restoration, and replacement of existing solid waste transfer, recycling facilities, and landfill projects limited to the opening of landfill cells that are in existing and permitted landfills.

((~~(8)~~)) (9) "Technical assistance" means training and other services provided to local governments to: (a) Help such local governments plan, apply, and qualify for loans and financing guarantees from the board, and (b) help local governments improve their ability to plan for, finance, acquire, construct, repair, replace, rehabilitate, and maintain public facilities.

Sec. 302. RCW 43.155.040 and 1985 c 446 s 10 are each amended to read as follows:

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The board may:

(1) Accept from any state or federal agency, loans or grants for the planning or financing of any public works project and enter into agreements with any such agency concerning the loans or grants;

(2) Provide technical assistance to local governments;

(3) Accept any gifts, grants, or loans of funds, property, or financial or other aid in any form from any other source on any terms and conditions which are not in conflict with this chapter;

(4) Adopt rules under chapter 34.05 RCW as necessary to carry out the purposes of this chapter;

(5) Do all acts and things necessary or convenient to carry out the powers expressly granted or implied under this chapter;

(6) Review and approve essential public infrastructure projects under the provisions of section 304 of this act.

Sec. 303. RCW 43.155.050 and 2013 2nd sp.s. c 4 s 983 are each amended to read as follows:

The public works assistance account is hereby established in the state treasury. ((~~Money may be placed in the public works assistance account from the proceeds of bonds when authorized by the legislature or from any other lawful source.~~)) Money in the public works assistance account shall be used to make loans and to give financial guarantees to local governments for public works projects. Moneys in the account may also be appropriated or transferred to the water pollution control revolving account and the drinking water assistance account to provide for state match requirements under federal law ((~~for projects and activities conducted and financed by the board under the drinking water assistance account. Not more than fifteen percent of the biennial capital budget appropriation to the public works board from this account may be expended or obligated~~)). Money in the account may also be appropriated for the administration of the essential public infrastructure project program established in section 304 of this act and to offset or reduce fees charged by the state treasurer to administer the program and issue bonds under the program. Money in the account may also be appropriated for preconstruction loans((~~,~~)) and emergency loans((~~, or loans for capital facility planning under this chapter; of this amount, not more than ten percent of the biennial capital budget appropriation may be expended for emergency loans and not more than one percent of the biennial capital budget appropriation may be expended for capital facility planning loans. During the 2011-2013 and 2013-2015 fiscal biennium, the legislature may transfer from the public works assistance account to the general fund, the water pollution control revolving account, and the drinking water assistance account such amounts as reflect the excess fund balance of the account. During the 2011-2013 fiscal biennium, the legislature may appropriate moneys from the account for economic development, innovation, and export grants, including brownfields; main street improvement grants; and the loan program consolidation board. During the 2013-2015 fiscal biennium, the legislature may transfer from the public works assistance account to the education legacy trust account such amounts as specified by the legislature~~)).

NEW SECTION. **Sec. 304.** A new section is added to chapter 43.155 RCW to read as follows:

(1) An essential public infrastructure project, as defined in section 201 of this act, is a capital project by an eligible local government that is necessary to:

(a) Provide safe and adequate drinking water;

(b) Manage and treat wastewater and storm water;

(c) Provide safe and efficient transportation, including public parking facilities, public transit facilities, and nonmotorized transportation;

(d) Provide safe and readily accessible recreation;

(e) Provide flood control and floodplain management facilities and improvements;

(f) Provide water supply improvements and water basin management enhancements, including culvert replacement projects to improve fish passage;

(g) Provide or renovate county and city criminal justice facilities;

(h) Provide or renovate fire protection facilities;

(i) Provide industrial development facilities.

(2) A local government that is eligible for financing assistance for essential public infrastructure projects, as defined in section 201 of this act, is one that can:

(a) Significantly benefit from the financing assistance under this section and under sections 201 through 207 of this act as determined by the public works board by considering the estimated net savings in financing cost achieved by this program and the relative ability of the local government and its taxpayers or ratepayers to pay for the project without the assistance of this program; and

(b) Meet the financial criteria established by the state finance committee.

(3) The board must adopt rules that establish the criteria for determining which local governments are eligible and what projects are necessary. The board must work with the state treasurer's office to determine the estimated amount and timing of financing assistance that can be provided annually to allow for a phase-in of this program based on interest and acceptance by the capital markets. The board must submit a prioritized and approved list of eligible essential public works projects within the estimated amounts to the state treasurer for a determination by the state treasurer as to whether the local government meets the financial criteria established by the state finance committee in order to assist those local governments that can most benefit from the assistance with projects that achieve the greatest community benefit.

PART IV
MISCELLANEOUS PROVISIONS

NEW SECTION. **Sec. 401.** This act takes effect January 1, 2016, if the proposed amendment to Article VIII, section 1 of the state Constitution, guaranteeing the obligation of debt for essential public infrastructure, is validly submitted to and is approved and ratified by voters at the next general election. If the proposed amendment is not approved and ratified, this act is void in its entirety.

NEW SECTION. **Sec. 402.** Sections 201 through 210 of this act constitute a new chapter in Title 39 RCW."

Senator Keiser spoke in favor of adoption of the striking amendment.

MOTION

Senator Keiser moved that the following amendment by Senators Keiser and Honeyford to the striking amendment be adopted:

On page 2, on line 14, strike "issue"

On page 2, on line 37, after "payment" insert "in full"

On page 3, on line 23, after "requesting" insert "local"

On page 5, on line 3, after "Pay all" strike "penalties" and insert "fees and charges"

On page 8, on line 32, after "(b)" insert "Collect, "

On page 8, on line 36, after "Provide" insert " or renovate facilities for"

On page 9, on line 4, after "county" strike "and" and insert "or"

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On page 9, on line 6, after "protection" insert "or emergency medical services "

On page 9, after line 7, insert:

"(j) Provide or renovate public library facilities.

Renumber the remaining sections consecutively and correct any internal references accordingly

Senator Keiser spoke in favor of adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senators Keiser and Honeyford to the striking amendment on page 2, line 14 to Senate Bill No. 5624.

The motion by Senator Keiser carried and the amendment to the striking amendment was adopted by voice vote.

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Keiser and Honeyford to Senate Bill No. 5624 as amended.

The motion by Senator Keiser carried and the striking amendment as amended was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "infrastructure;" strike the remainder of the title and insert "amending RCW 43.155.020, 43.155.040, and 43.155.050; adding a new section to chapter 43.155 RCW; adding a new chapter to Title 39 RCW; creating a new section; and providing a contingent effective date."

MOTION

On motion of Senator Keiser, the rules were suspended, Engrossed Senate Bill No. 5624 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Keiser, Chase, Honeyford, Angel and Mullet spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 5624.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 5624 and the bill passed the Senate by the following vote: Yeas, 49; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

ENGROSSED SENATE BILL NO. 5624, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE JOINT RESOLUTION NO. 8204, by Senators Keiser, Honeyford and Conway

Amending the Constitution to allow the state to guarantee debt issued on behalf of a political subdivision for essential public infrastructure.

The measure was read the second time.

MOTION

Senator Keiser moved that the following striking amendment by Senator Keiser be adopted:

Strike everything after the enacting clause and insert the following:

"BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

THAT, At the next general election to be held in this state the secretary of state shall submit to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article VIII, section 1 of the Constitution of the state of Washington to read as follows:

Article VIII, section 1. (a) The state may contract debt, the principal of which shall be paid and discharged within thirty years from the time of contracting thereof, in the manner set forth herein.

(b) The aggregate debt contracted by the state, as calculated by the treasurer at the time debt is contracted, shall not exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than the applicable percentage limit of the arithmetic mean of its general state revenues for the six immediately preceding fiscal years as certified by the treasurer. The term "applicable percentage limit" means eight and one-half percent from July 1, 2014, through June 30, 2016; eight and one-quarter percent from July 1, 2016, through June 30, 2034; eight percent from July 1, 2034, and thereafter. The term "fiscal year" means that period of time commencing July 1 of any year and ending on June 30 of the following year.

(c) The term "general state revenues," when used in this section, shall include all state money received in the treasury from each and every source, including moneys received from ad valorem taxes levied by the state and deposited in the general fund in each fiscal year, but not including: (1) Fees and other revenues derived from the ownership or operation of any undertaking, facility, or project; (2) Moneys received as gifts, grants, donations, aid, or assistance or otherwise from the United States or any department, bureau, or corporation thereof, or any person, firm, or corporation, public or private, when the terms and conditions of such gift, grant, donation, aid, or assistance require the application and disbursement of such moneys otherwise than for the general purposes of the state of Washington; (3) Moneys to be paid into and received from retirement system funds, and performance bonds and deposits; (4) Moneys to be paid into and received from trust funds and the several permanent and irreducible funds of the state and the moneys derived therefrom but excluding bond redemption funds; (5) Moneys received from taxes levied for specific purposes and required to be deposited for those purposes into specified funds or accounts other than the general fund; and (6) Proceeds received from the sale of bonds or other evidences of indebtedness.

(d) In computing the amount required for payment of principal and interest on outstanding debt under this section, debt shall be construed to mean borrowed money represented by bonds, notes, or other evidences of indebtedness which are secured by the full faith and credit of the state or are required to

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be repaid, directly or indirectly, from general state revenues and which are incurred by the state, any department, authority, public corporation, or quasi public corporation of the state, any state university or college, or any other public agency created by the state but not by counties, cities, towns, school districts, or other municipal corporations, but shall not include obligations for the payment of current expenses of state government, nor shall it include debt hereafter incurred pursuant to section 3 of this article, obligations guaranteed as provided for in subsection (g) of this section, principal of bond anticipation notes or obligations issued to fund or refund the indebtedness of the Washington state building authority. In addition, for the purpose of computing the amount required for payment of interest on outstanding debt under subsection (b) of this section and this subsection, "interest" shall be reduced by subtracting the amount scheduled to be received by the state as payments from the federal government in each year in respect of bonds, notes, or other evidences of indebtedness subject to this section.

(e) The state may pledge the full faith, credit, and taxing power of the state to guarantee the voter approved general obligation debt of school districts in the manner authorized by the legislature. Any such guarantee does not remove the debt obligation of the school district and is not state debt.

(f) The state may, without limitation, fund or refund, at or prior to maturity, the whole or any part of any existing debt or of any debt hereafter contracted pursuant to section 1, section 2, or section 3 of this article, including any premium payable with respect thereto and interest thereon, or fund or refund, at or prior to maturity, the whole or any part of any indebtedness incurred or authorized prior to the effective date of this amendment by any entity of the type described in subsection (h) of this section, including any premium payable with respect thereto and any interest thereon. Such funding or refunding shall not be deemed to be contracting debt by the state.

(g) Notwithstanding the limitation contained in subsection (b) of this section, the state may pledge its full faith, credit, and taxing power to guarantee the payment of any obligation payable from revenues received from any of the following sources: (1) Fees collected by the state as license fees for motor vehicles; (2) Excise taxes collected by the state on the sale, distribution or use of motor vehicle fuel; and (3) Interest on the permanent common school fund: *Provided,* That the legislature shall, at all times, provide sufficient revenues from such sources to pay the principal and interest due on all obligations for which said source of revenue is pledged.

(h) No money shall be paid from funds in custody of the treasurer with respect to any debt contracted after the effective date of this amendment by the Washington state building authority, the capitol committee, or any similar entity existing or operating for similar purposes pursuant to which such entity undertakes to finance or provide a facility for use or occupancy by the state or any agency, department, or instrumentality thereof.

(i) The legislature shall prescribe all matters relating to the contracting, funding or refunding of debt pursuant to this section, including: The purposes for which debt may be contracted; by a favorable vote of three-fifths of the members elected to each house, the amount of debt which may be contracted for any class of such purposes; the kinds of notes, bonds, or other evidences of debt which may be issued by the state; and the manner by which the treasurer shall determine and advise the legislature, any appropriate agency, officer, or instrumentality of the state as to the available debt capacity within the limitation set forth in this section. The legislature may delegate to any state officer, agency, or instrumentality any of its powers relating to the contracting, funding or refunding of debt pursuant to this section except its power to determine the amount and purposes for which debt may be contracted.

(j) The full faith, credit, and taxing power of the state of Washington are pledged to the payment of the debt created on behalf of the state pursuant to this section and the legislature shall provide by appropriation for the payment of the interest upon and installments of principal of all such debt as the same falls due, but in any event, any court of record may compel such payment.

(k) Notwithstanding the limitations contained in subsection (b) of this section, the state may issue certificates of indebtedness in such sum or sums as may be necessary to meet temporary deficiencies of the treasury, to preserve the best interests of the state in the conduct of the various state institutions, departments, bureaus, and agencies during each fiscal year; such certificates may be issued only to provide for appropriations already made by the legislature and such certificates must be retired and the debt discharged other than by refunding within twelve months after the date of incurrence.

(l) Bonds, notes, or other obligations issued and sold by the state of Washington pursuant to and in conformity with this article shall not be invalid for any irregularity or defect in the proceedings of the issuance or sale thereof and shall be incontestable in the hands of a bona fide purchaser or holder thereof.

(m) The state may pledge the full faith, credit, and taxing power of the state to guarantee the obligations incurred to finance or refinance essential public infrastructure by or on behalf of any local government entity as authorized by the legislature. Any such guarantee does not remove the primary obligation of the local government entity and is not state debt. The legislature must prescribe by law methods to enforce the repayment of state funds expended pursuant to such guarantee.

BE IT FURTHER RESOLVED, That the statement of subject and concise description for the ballot title of this constitutional amendment shall read "The legislature has proposed a constitutional amendment to reduce financing costs for essential local government infrastructure. The amendment would allow for a state guarantee of payments to bondholders for bonds issued for such projects in accordance with state law. Such guarantee does not remove repayment obligations by local governments and is not state debt. Should this constitutional amendment be:

Approved.....

Rejected....."

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of this constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state."

The President declared the question before the Senate to be the adoption of the striking amendment by Senator Keiser to Senate Joint Resolution No. 8204.

The motion by Senator Keiser carried and the striking amendment was adopted by voice vote.

MOTION

On motion of Senator Keiser, the rules were suspended, Engrossed Senate Joint Resolution No. 8204 was advanced to third reading, the second reading considered the third and the resolution was placed on final passage.

Senators Keiser, Hill, Conway, Warnick, Chase, Hasegawa and Honeyford spoke in favor of passage of the resolution.

Senator Baumgartner spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Senate Joint Resolution No. 8204.

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ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Joint Resolution No. 8204 and the resolution passed the Senate by the following vote: Yeas, 47; Nays, 2; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Voting nay: Senators Baumgartner and Padden

ENGROSSED SENATE JOINT RESOLUTION NO. 8204, having received the constitutional majority, was declared passed.

SECOND READING

SENATE BILL NO. 5451, by Senators Braun, Keiser, Conway, Kohl-Welles and McAuliffe

Addressing vocational rehabilitation by making certain recommendations from the vocational rehabilitation subcommittee permanent and creating certain incentives for employers to employ injured workers with permanent disabilities.

MOTIONS

On motion of Senator Braun, Substitute Senate Bill No. 5451 was substituted for Senate Bill No. 5451 and the substitute bill was placed on the second reading and read the second time.

On motion of Senator Braun, the rules were suspended, Substitute Senate Bill No. 5451 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Braun, Hasegawa and Conway spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute Senate Bill No. 5451.

ROLL CALL

The Secretary called the roll on the final passage of Substitute Senate Bill No. 5451 and the bill passed the Senate by the following vote: Yeas, 49; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

SUBSTITUTE SENATE BILL NO. 5451, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5510, by Senators Braun, Baumgartner, Rivers and Angel

Simplifying and adding certainty to the calculation of workers' compensation benefits.

The measure was read the second time.

MOTION

Senator Braun moved that the following striking amendment by Senator Braun be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The department of labor and industries shall convene, no later than August 1, 2015, a benefit accuracy working group to develop recommendations to improve the calculation of wages under the industrial insurance program. The director must appoint members to the working group as follows: Two members representing labor, two members representing employers, and at least two members representing the department of labor and industries. Members must serve without compensation, but must be entitled to travel expenses as provided in RCW 43.03.050 and 43.03.060. All expenses of this working group must be paid by the department. The working group must focus on improving the accuracy, simplicity, fairness, and consistency of calculating and providing wage replacement benefits and shall not consider overall reductions in existing worker benefit levels. The working group must report to the relevant committees of the legislature by February 1, 2016, and issue a final report that includes any legislative proposals arising from its work no later than September 1, 2016."

Senators Braun and Hasegawa spoke in favor of adoption of the striking amendment.

The President declared the question before the Senate to be the adoption of the striking amendment by Senator Braun to Senate Bill No. 5510.

The motion by Senator Braun carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "benefits;" strike the remainder of the title and insert "and creating a new section."

MOTION

On motion of Senator Braun, the rules were suspended, Engrossed Senate Bill No. 5510 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Braun and Hasegawa spoke in favor of passage of the bill.

Senator Conway spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 5510.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 5510 and the bill passed the Senate by the following vote: Yeas, 41; Nays, 8; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Dammeier,

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Dansel, Fain, Fraser, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Keiser, King, Kohl-Welles, Litzow, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Voting nay: Senators Conway, Darneille, Ericksen, Frockt, Habib, Jayapal, Liias and McAuliffe

ENGROSSED SENATE BILL NO. 5510, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5418, by Senators Keiser, Braun, Parlette, McAuliffe, Benton and Conway

Creating a pilot program to improve care for catastrophically injured workers.

MOTIONS

On motion of Senator Keiser, Substitute Senate Bill No. 5418 was substituted for Senate Bill No. 5418 and the substitute bill was placed on the second reading and read the second time.

On motion of Senator Keiser, the rules were suspended, Substitute Senate Bill No. 5418 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Keiser, Braun and Hasegawa spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute Senate Bill No. 5418.

ROLL CALL

The Secretary called the roll on the final passage of Substitute Senate Bill No. 5418 and the bill passed the Senate by the following vote: Yeas, 49; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

SUBSTITUTE SENATE BILL NO. 5418, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5513, by Senators Braun, Baumgartner, Dammeier, Rivers, Bailey, Sheldon, Schoesler, Warnick and Honeyford

Creating the workers' recovery act by amending provisions governing structured settlements by lowering age barriers and clarifying legislative intent.

The measure was read the second time.

MOTION

Senator Hobbs moved that the following amendment by Senator Hobbs be adopted:

On page 1. Line 9, after "worker", insert "<u>who is at least forty years of age</u>"

On page 4, line 24, after "section." strike all material down through "agreement." on line 29.

On page 6, line 14 strike all material through line 20.

Renumber the remaining sections consecutively and correct any internal references accordingly.

Renumber the remaining sections consecutively and correct any internal references accordingly.

Senators Hobbs and Braun spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Hobbs on page 1, line 9 to Senate Bill No. 5513.

The motion by Senator Hobbs carried and the amendment was adopted by voice vote.

MOTION

Senator Conway moved that the following amendment by Senator Conway be adopted:

On page 5, line 19, strike "only"

On page 5, line 20, after "benefits are", strike "not"

On page 5, line 23, after "final" insert "only in cases where an injured worker who has settled his or her claim is later deemed by a medical provider to be totally and permanently disabled"

Senator Conway spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Conway on page 5, line 19 to Senate Bill No. 5513.

The motion by Senator Conway failed and the amendment was not adopted by voice vote.

MOTION

Senator Conway moved that the following amendment by Senator Conway be adopted:

On page 6, after line 11, insert the following:

"<u>NEW SECTION.</u> **Sec. 3.** A new section is added to chapter 51.04 RCW to read as follows:

The state shall recover from an employer who has entered into a settlement agreement pursuant to RCW 51.04.063 the amount of any state- provided public assistance paid to or on behalf of an employee with whom the employer entered into a settlement agreement. State-provided public assistance programs are any programs that offer cash, food, medical, or housing assistance to qualified individuals."

On page 1, line 3 of the title, after "51.04.063;" insert "adding a new section to chapter 51.04 RCW;

Senator Conway spoke in favor of adoption of the amendment.

Senator Braun spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Conway on page 6, after line 11 to Senate Bill No. 5513.

The motion by Senator Conway failed and the amendment was not adopted by voice vote.

MOTION

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On motion of Senator Braun, the rules were suspended, Engrossed Senate Bill No. 5513 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Braun, Hobbs Hargrove and Baumgartner spoke in favor of passage of the bill.

Senators Hasegawa, Frockt, Habib, Cleveland, Keiser, McCoy, Nelson and Chase spoke against passage of the bill.

MOTION

Senator Padden demanded that the previous question be put.

The President declared the question by Senator Paden and the demand was not sustained.

Senator Mullet spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 5513.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 5513 and the bill passed the Senate by the following vote: Yeas, 28; Nays, 21; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Braun, Brown, Dammeier, Dansel, Ericksen, Fain, Hargrove, Hatfield, Hewitt, Hill, Hobbs, Honeyford, King, Litzow, Mullet, O'Ban, Padden, Parlette, Pearson, Rivers, Schoesler, Sheldon and Warnick

Voting nay: Senators Billig, Chase, Cleveland, Conway, Darneille, Fraser, Frockt, Habib, Hasegawa, Jayapal, Keiser, Kohl-Welles, Liias, McAuliffe, McCoy, Miloscia, Nelson, Pedersen, Ranker, Roach and Rolfes

ENGROSSED SENATE BILL NO. 5513, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5452, by Senators Litzow, Billig, Fain, Dammeier, Hargrove, Hill, Rivers, Brown, Mullet, Frockt, Jayapal, Angel, Cleveland, Kohl-Welles, Keiser, McAuliffe and Habib

Improving quality in the early care and education system.

MOTION

On motion of Senator Litzow, Second Substitute Senate Bill No. 5452 was substituted for Senate Bill No. 5452 and the substitute bill was placed on the second reading and read the second time.

MOTION

Senator Hasegawa moved that the following amendment by Senators Hasegawa and Chase be adopted:

On page 2, line 11, after "(3)" insert "The legislature also finds that despite the proven success of targeted early learning programs, a targeted approach will always leave out some children who would benefit from access to high-quality programming, including some disadvantaged children as well as children from working class families who simply may be unable to afford the full cost of top-quality programs. The legislature also finds that school readiness is not just an issue for children living in poverty, it is also an issue for middle-class children who lag behind their wealthy peers in both cognitive and social skills. The legislature further finds that voluntary universal preschool programs have the potential to be significantly more effective because they serve disadvantaged children in heterogeneous classes and all children benefit when all of their classmates are better prepared for school success. The legislature, therefore, intends to continue building capacity while also focusing on quality in state-supported, targeted early learning programs, with the long-term goal of pursuing strategies to implement a voluntary universal high-quality early learning program that would be available to all children in the state.

(4)"

Senator Hasegawa spoke in favor of adoption of the amendment.

WITHDRAWAL OF AMENDMENT

On motion of Senator Hasegawa, the amendment by Senator Hasegawa on page 2, line 11 to Second Substitute Senate Bill No. 5452 was withdrawn.

MOTION

Senator Litzow moved that the following striking amendment by Senator Litzow be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** INTENT. (1) The legislature finds that quality early care and education builds the foundation for a child's success in school and in life. The legislature acknowledges that a quality framework is necessary for the early care and education system in Washington. The legislature recognizes that empirical evidence supports the conclusion that high quality programs consistently yield more positive outcomes for children, with the strongest positive impacts on the most vulnerable children. The legislature acknowledges that critical developmental windows exist in early childhood, and low quality child care has damaging effects for children. The legislature further understands that the proper dosage, duration of programming, and stability of care are critical to enhancing program quality and improving child outcomes. The legislature acknowledges that the early care and education system should strive to address the needs of Washington's culturally and linguistically diverse populations. The legislature understands that parental choice and provider diversity are guiding principles for early learning programs.

(2) The legislature intends to prioritize the integration of child care and preschool in an effort to promote full day programming. The legislature further intends to reward quality and create incentives for providers to participate in a quality rating and improvement system that will also provide valuable information to parents regarding the quality of care available in their communities.

NEW SECTION. **Sec. 2.** A new section is added to chapter 43.215 RCW to read as follows:

MINIMUM STATE CONTROLS FOR PRIVATE SCHOOLS.

The legislature hereby recognizes that private schools with early learning programs should be subject only to those minimum state controls necessary to assure the health and safety of all students in the state and to assure a sufficient early childhood

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education to meet usual requirements needed for transition into elementary school. The state, and any agency or official thereof, shall not restrict or dictate any specific educational or other programs for private school early learning programs except for programs that receive state subsidy payments.

Sec. 3. RCW 43.215.100 and 2013 c 323 s 6 are each amended to read as follows:

EARLY ACHIEVERS, QUALITY RATING, AND IMPROVEMENT SYSTEM.

(1) ((~~Subject to the availability of amounts appropriated for this specific purpose,~~)) The department, in collaboration with tribal governments and community and statewide partners, shall implement a ((~~voluntary~~)) quality rating and improvement system, called the early achievers program((~~, that~~)). The early achievers program provides a foundation of quality for the early care and education system. The early achievers program is applicable to licensed or certified child care centers and homes and early ((~~education~~)) learning programs such as working connections child care and early childhood education and assistance programs.

(2) The ((~~purpose~~)) objectives of the early achievers program ((~~is~~)) are to:

(a) ((~~To~~)) Improve short-term and long-term educational outcomes for children as measured by assessments including, but not limited to, the Washington kindergarten inventory of developing skills in RCW 28A.655.080;

(b) Give parents clear and easily accessible information about the quality of child care and early education programs((~~,~~));

(c) Support improvement in early learning and child care programs throughout the state((~~,~~));

(d) Increase the readiness of children for school((~~, and~~));

(e) Close the ((~~disparity~~)) disparities in access to quality care;

(f) Subject to the availability of amounts appropriated for this specific purpose, provide professional development and coaching opportunities to early child care and education providers; and ((~~(b) to~~))

(g) Establish a common set of expectations and standards that define, measure, and improve the quality of early learning and child care settings.

(3)(a) Licensed or certified child care centers and homes serving nonschool age children and receiving state subsidy payments must participate in the early achievers program by the required deadlines established in RCW 43.215.135.

(b) Approved early childhood education and assistance program providers receiving state-funded support must participate in the early achievers program by the required deadlines established in RCW 43.215.415.

(c) Participation in the early achievers program is voluntary for licensed or certified child care centers and homes not receiving state subsidy payments. Participation in the early achievers program is voluntary for private schools with early learning programs not receiving state subsidy payments.

(d) School age child care providers are exempt from participating in the early achievers program. By July 1, 2017, the department may design a plan to incorporate school age child care providers into the early achievers program. Subject to the availability of amounts appropriated for this specific purpose, to test implementation of the early achievers system for school age child care providers the department may implement a pilot program.

(4) ((~~By fiscal year 2015, Washington state preschool programs receiving state funds must enroll in the early achievers program and maintain a minimum score level.~~

~~(5) Before final implementation of the early achievers program, the department shall report on program progress, as defined within the race to the top federal grant award, and expenditures to the appropriate policy and fiscal committees of the legislature.~~)) There are five levels in the early achievers program. Participants are expected to actively engage in the program.

(5) The department has the authority to determine the rating cycle for the early achievers program. The department shall streamline and eliminate duplication between early achievers standards and state child care rules in order to reduce costs associated with the early achievers rating cycle and child care licensing.

(a) Early achievers program participants may request to be rated at any time after the completion of all level 2 activities.

(b) The department shall provide an early achievers program participant an update on the participant's progress toward completing level 2 activities after the participant has been enrolled in the early achievers program for fifteen months.

(c) The first rating is free for early achievers program participants.

(d) Each subsequent rating within the established rating cycle is free for early achievers program participants.

(6)(a) Early achievers program participants may request to be rerated outside the established rating cycle.

(b) The department must charge a fee for optional rerating requests made by program participants that are outside the established rating cycle.

(c) Fees charged are based on, but may not exceed, the cost to the department for activities associated with the early achievers program.

(7)(a) Subject to the availability of amounts appropriated for this specific purpose, the department must create a single source of information for parents and caregivers to access details on a provider's early achievers program rating level, licensing history, and other indicators of quality and safety that will help parents and caregivers make informed choices.

(b) The department shall publish to the department's web site, or offer a link on its web site to, the following information:

(i) By August 1, 2015, early achievers program rating levels 1 through 5 for all child care programs that receive state subsidy, early childhood education and assistance programs, and federal head start programs in Washington; and

(ii) New early achievers program ratings within thirty days after a program becomes licensed or certified, or receives a rating.

(c) The early achievers program rating levels shall be published in a manner that is easily accessible to parents and caregivers and takes into account the linguistic needs of parents and caregivers.

(d) The department must publish early achievers program rating levels for child care programs that do not receive state subsidy but have voluntarily joined the early achievers program.

(e) Early achievers program participants who have published rating levels on the department's web site or on a link on the department's web site may include a brief description of their program, contingent upon the review and approval by the department, as determined by established marketing standards.

(8)(a) Subject to the availability of amounts appropriated for this specific purpose, the department may create a professional development pathway for early achievers program participants to obtain a high school diploma or equivalency or higher education credential in early childhood education, early childhood studies, child development, or an academic field related to early care and education.

(b) The professional development pathway may include opportunities for scholarships and grants to assist early achievers program participants with the costs associated with obtaining an educational degree.

(c) The department may address cultural and linguistic diversity when developing the professional development pathway.

(9) The early achievers quality improvement awards shall be reserved for participants offering programs to an enrollment population consisting of at least five percent of children receiving a state subsidy.

(10) In collaboration with tribal governments, community and statewide partners, and the early achievers review subcommittee created in RCW 43.215.090, the department shall develop a protocol for granting early achievers program participants an extension in meeting rating level requirement timelines outlined for the working connections child care program and the early childhood education and assistance program.

(a) The department may grant extensions only under exceptional circumstances, such as when early achievers program participants experience an unexpected life circumstance.

(b) Extensions shall not exceed six months, and early achievers program participants are only eligible for one extension in meeting rating level requirement timelines.

(c) Extensions may only be granted to early achievers program participants who have demonstrated engagement in the early achievers program.

(d) A report outlining the early achievers program extension protocol shall be delivered to the appropriate committees of legislature by December 31, 2015. The department shall produce this report within the department's available appropriations.

(11) The department shall establish a process to accept national accreditation as a qualification for the early achievers program ratings. Each accreditation agency must be allowed to submit its most current standards of accreditation to establish potential credit earned in the early achievers program. The department shall grant credit to accreditation bodies that can demonstrate that their standards meet or exceed the current early achievers program standards.

(12) A child care or early learning program that is operated by a federally recognized tribe and receives state funds shall participate in the early achievers program. The tribe may choose to participate through an interlocal agreement between the tribe and the department. The interlocal agreement must reflect the government-to-government relationship between the state and the tribe, including recognition of tribal sovereignty. The interlocal agreement must provide that:

(a) Tribal child care facilities and early learning programs may volunteer, but are not required, to be licensed by the department;

(b) Tribal child care facilities and early learning programs are not required to have their early achievers program rating level published to the department's web site or through a link on the department's web site; and

(c) Tribal child care facilities and early learning programs must provide notification to parents or guardians who apply for or have been admitted into their program that early achievers program rating level information is available and provide the parents or guardians with the program's early achievers program rating level upon request.

(13) Nothing in this section changes the department's responsibility to collectively bargain over mandatory subjects.

NEW SECTION. **Sec. 4.** A new section is added to chapter 43.215 RCW to read as follows:

REDUCTION OF BARRIERS—LOW-INCOME PROVIDERS AND PROGRAMS—EARLY ACHIEVERS.

(1) The department shall, in collaboration with tribal governments and community and statewide partners, implement a protocol to maximize and encourage participation in the early achievers program for culturally diverse and low-income center and family home child care providers.

(2) The protocol should address barriers to early achievers program participation and include at a minimum the following:

(a) Subject to the availability of amounts appropriated for this specific purpose, the creation of a substitute pool;

(b) Subject to the availability of amounts appropriated for this specific purpose, the development of needs-based grants for providers at level 2 in the early achievers program to assist with purchasing curriculum development, instructional materials, supplies, and equipment to improve program quality. Priority for the needs-based grants shall be given to culturally diverse and low-income providers;

(c) Subject to the availability of amounts appropriated for this specific purpose, the development of materials and assessments in a timely manner, and to the extent feasible, in the provider and family home languages; and

(d) The development of flexibility in technical assistance and coaching structures to provide differentiated types and amounts of support to providers based on individual need and cultural context.

Sec. 5. RCW 43.215.135 and 2013 c 323 s 9 are each amended to read as follows:

WORKING CONNECTIONS CHILD CARE.

(1) The department shall establish and implement policies in the working connections child care program to promote stability and quality of care for children from low-income households. These policies shall focus on supporting school readiness for young learners. Policies for the expenditure of funds constituting the working connections child care program must be consistent with the outcome measures defined in RCW 74.08A.410 and the standards established in this section intended to promote ((~~continuity of care for children~~)) stability, quality, and continuity of early care and education programming.

(2) ((~~Beginning in fiscal year 2013~~)) As recommended in Public Law No. 113-186, authorizations for the working connections child care subsidy shall be effective for twelve months unless a change in circumstances necessitates reauthorization sooner than twelve months. The twelve-month certification applies only if the enrollments in the child care subsidy or working connections child care program are capped.

(3) ((~~Subject to the availability of amounts appropriated for this specific purpose, beginning September 1, 2013, working connections child care providers shall receive a five percent increase in the subsidy rate for enrolling in level 2 in the early achievers programs. Providers must complete level 2 and advance to level 3 within thirty months in order to maintain this increase.~~)) The department shall adopt rules that provide working connections child care authorizations for up to ninety days, which do not need to be consecutive, when a recipient experiences a gap in his or her employment or approved activity during a twelve-month period. In order for the recipient to continue to be authorized for child care during the ninety days, the recipient must be looking for another job or have verbal or written assurance from the recipient's employer or approved activity that the employment or approved activity will resume within the ninety days. The rules shall not apply to recipients of temporary assistance for needy families or WorkFirst under chapter 74.08A RCW.

(4) Existing child care providers serving nonschool age children and receiving state subsidy payments must complete the following requirements to be eligible for a state subsidy under this section:

(a) Enroll in the early achievers program;

(b) Complete level 2 activities in the early achievers program by August 1, 2016; and

(c) Rate at a level 3 or higher in the early achievers program by December 31, 2018. If a child care provider rates below a level 3 by December 31, 2018, the provider must complete remedial activities with the department, and rate at a level 3 or higher no later than June 30, 2019.

(5) Effective July 1, 2016, a new child care provider serving nonschool age children and receiving state subsidy payments must complete the following activities to be eligible to receive a state subsidy under this section:

(a) Enroll in the early achievers program within thirty days;

(b) Complete level 2 activities in the early achievers program within twelve months of enrollment; and

(c) Rate at a level 3 or higher in the early achievers program within thirty months of enrollment. If a child care provider rates below a level 3 within thirty months from enrollment into the early achievers program, the provider must complete remedial activities with the department, and rate at a level 3 or higher within six months.

(6) If a child care provider does not rate at a level 3 or higher following the remedial period, the provider is no longer eligible to receive state subsidy under this section.

(7) If a child care provider serving nonschool age children and receiving state subsidy payments has successfully completed all level 2 activities and is waiting to be rated by the deadline provided in this section, the provider may continue to receive a state subsidy pending the successful completion of the level 3 rating activity.

(8) Subject to the availability of amounts appropriated for this specific purpose, the department may implement tiered reimbursement for early achievers program participants in the working connections child care program rating at level 3, 4, or 5.

(9) The department shall account for a child care copayment collected by the provider from the family for each contracted slot and establish the copayment fee by rule.

Sec. 6. RCW 43.215.1352 and 2012 c 251 s 2 are each amended to read as follows:

WORKING CONNECTIONS CHILD CARE.

When an applicant or recipient applies for or receives working connections child care benefits, ((~~he or she~~)) the applicant or recipient is required to:

(1) Notify the department of social and health services, within five days, of any change in providers; and

(2) Notify, in writing or verbally, the department of social and health services, within ten days, about any significant change related to the number of child care hours the applicant or recipient needs, cost sharing, or eligibility.

Sec. 7. RCW 43.215.425 and 1994 c 166 s 6 are each amended to read as follows:

EARLY CHILDHOOD EDUCATION AND ASSISTANCE PROGRAM.

(1) The department shall adopt rules under chapter 34.05 RCW for the administration of the early childhood education and assistance program. Approved early childhood education and assistance programs shall conduct needs assessments of their service area((~~,~~)) and identify any targeted groups of children, to include but not be limited to children of seasonal and migrant farmworkers and native American populations living either on or off reservation((~~, and~~)). Approved early childhood education and assistance programs shall provide to the department a service delivery plan, to the extent practicable, that addresses these targeted populations.

(2) The department, in developing rules for the early childhood education and assistance program, shall consult with the early learning advisory ((~~committee~~)) council, and shall consider such factors as coordination with existing head start and other early childhood programs, the preparation necessary for instructors, qualifications of instructors, adequate space and equipment, and special transportation needs. The rules shall specifically require the early childhood programs to provide for parental involvement in participation with their child's program, in local program policy decisions, in development and revision of service delivery systems, and in parent education and training.

(3)(a) The department shall adopt rules pertaining to the early childhood education and assistance program that outline allowable periods of child absences, required contact with parents or caregivers to discuss child absences and encourage regular attendance, and a de-enrollment procedure when allowable child absences are exceeded. The department shall adopt rules on child absences and attendance within the department's appropriations.

(b) Rules pertaining to child absences and de-enrollment procedures shall be adopted no later than July 31, 2016. The department shall adopt rules on child absences and attendance within the department's appropriations.

(4) The department shall adopt rules requiring early childhood education and assistance program employees who have access to children to submit to a fingerprint background check. Fingerprint background check procedures for the early childhood education and assistance program shall be the same as the background check procedures in RCW 43.215.215.

Sec. 8. RCW 43.215.415 and 1994 c 166 s 5 are each amended to read as follows:

EARLY CHILDHOOD EDUCATION AND ASSISTANCE PROGRAM.

(1) Approved early childhood education and assistance programs shall receive state-funded support through the department. Public or private ((~~nonsectarian~~)) organizations, including, but not limited to school districts, educational service districts, community and technical colleges, local governments, or nonprofit organizations, are eligible to participate as providers of the state early childhood education and assistance program. Funds appropriated for the state program shall be used to continue to operate existing programs or to establish new or expanded early childhood programs, and shall not be used to supplant federally supported head start programs.

(2) Funds obtained by providers through voluntary grants or contributions from individuals, agencies, corporations, or organizations may be used to expand or enhance preschool programs so long as program standards established by the department are maintained, but shall not be used to supplant federally supported head start programs or state-supported early childhood programs.

(3) Persons applying to conduct the early childhood education and assistance program shall identify targeted groups and the number of children to be served, program components, the qualifications of instructional and special staff, the source and amount of grants or contributions from sources other than state funds, facilities and equipment support, and transportation and personal care arrangements.

(4) Existing early childhood education and assistance program providers must complete the following requirements to be eligible to receive state-funded support under the early childhood education and assistance program:

(a) Enroll in the early achievers program by August 1, 2015;

(b) Rate at a level 4 or 5 in the early achievers program by January 1, 2016. If an early childhood education and assistance program provider rates below a level 4 by January 1, 2016, the provider must complete remedial activities with the department, and rate at a level 4 or 5 within six months.

(5) Effective August 1, 2015, a new early childhood education and assistance program provider must complete the

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requirements in this subsection (5) to be eligible to receive state-funded support under the early childhood education and assistance program:

(a) Enroll in the early achievers program within thirty days;

(b) Rate at a level 4 or 5 in the early achievers program within twelve months of enrollment. If an early childhood education and assistance program provider rates below a level 4 within twelve months of enrollment, the provider must complete remedial activities with the department, and rate at a level 4 or 5 within six months.

(6)(a) If an early childhood education and assistance program provider has successfully completed all of the required early achievers program activities and is waiting to be rated by the deadline provided in this section, the provider may continue to participate in the early achievers program as an approved early childhood education and assistance program provider and receive state subsidy pending the successful completion of a level 4 or 5 rating.

(b) To avoid disruption, the department may allow for early childhood education and assistance program providers who have rated below a level 4 after completion of the six-month remedial period to continue to provide services until the current school year is finished.

(7) The department shall collect data to determine the demand for full-day programming for early childhood education and assistance program providers. The department shall analyze this demand by geographic region and report the findings to the appropriate committees of the legislature by January 1, 2016. The department shall produce this report within the department's available appropriations.

Sec. 9. RCW 43.215.455 and 2010 c 231 s 3 are each amended to read as follows:

EARLY CHILDHOOD EDUCATION AND ASSISTANCE PROGRAM.

(1) Beginning September 1, 2011, an early learning program to provide voluntary preschool opportunities for children three and four years of age shall be implemented according to the funding and implementation plan in RCW ((~~43.215.142~~)) 43.215.456. The program must ((~~be~~)) offer a comprehensive program ((~~providing~~)) of early childhood education and family support, ((~~options for~~)) including parental involvement((~~,~~)) and health information, screening, and referral services, ((~~as~~)) based on family need ((~~is determined~~)). Participation in the program is voluntary. On a space available basis, the program may allow enrollment of children who are not otherwise eligible by assessing a fee.

(2) The ((~~first phase of the~~)) program shall be implemented by utilizing the program standards and eligibility criteria in the early childhood education and assistance program in RCW 43.215.400 through 43.215.450.

(3)(a) Beginning in the 2015-16 school year, the program implementation in this section shall prioritize early childhood education and assistance programs located in low-income neighborhoods within high-need geographical areas.

(b) Following the priority in (a) of this subsection, preference shall be given to programs meeting at least one of the following characteristics:

(i) Programs offering extended day early care and education programming;

(ii) Programs offering services to children diagnosed with a special need; or

(iii) Programs offering services to children involved in the child welfare system.

(4) The director shall adopt rules for the following program components, as appropriate and necessary during the phased implementation of the program, consistent with early achievers program standards established in RCW 43.215.100:

(a) Minimum program standards((~~, including lead teacher, assistant teacher, and staff qualifications~~));

(b) Approval of program providers; and

(c) Accountability and adherence to performance standards.

((~~(4)~~)) (5) The department has administrative responsibility for:

(a) Approving and contracting with providers according to rules developed by the director under this section;

(b) In partnership with school districts, monitoring program quality and assuring the program is responsive to the needs of eligible children;

(c) Assuring that program providers work cooperatively with school districts to coordinate the transition from preschool to kindergarten so that children and their families are well-prepared and supported; and

(d) Providing technical assistance to contracted providers.

NEW SECTION. **Sec. 10.** A new section is added to chapter 43.215 RCW to read as follows:

PROGRAM DATA COLLECTION AND EVALUATION.

(1) Subject to the availability of amounts appropriated for this specific purpose, the education data center established in RCW 43.41.400 must collect longitudinal, student-level data on all children attending a working connections child care program or an early childhood education and assistance program. Data collected should capture at a minimum the following characteristics:

(a) Daily program attendance;

(b) Identification of classroom and teacher;

(c) Early achievers program quality level rating;

(d) Program hours;

(e) Program duration;

(f) Developmental results from the Washington kindergarten inventory of developing skills in RCW 28A.655.080; and

(g) To the extent data is available, the distinct ethnic categories within racial subgroups of children and providers that align with categories recognized by the education data center.

(2) The department shall provide child care and early learning providers student-level data collected pursuant to this section that are specific to the child care provider's or the early learning provider's program.

(3) Every four years, the department in collaboration with the early achievers review subcommittee shall review the data collected on the achievement of the early achievers program standards and provide a report to the appropriate committees of the legislature. The report shall include, but not be limited to, the following:

(a) Recommendations for improving the early achievers program standards;

(b) A review of the services available to providers and children from diverse cultural backgrounds;

(c) Recommendations for improving access to providers rated at a level 3 or higher in the early achievers program by children from diverse cultural backgrounds; and

(d) To the extent data is available, an analysis of the distribution of early achievers program rated facilities in relation to child and provider demographics, including but not limited to race and ethnicity, home language, and geographical location.

(4)(a) The department shall review the K-12 components for cultural competency developed by the professional educator standards board and identify components appropriate for early learning professional development.

(b) By July 31, 2016, the department shall provide recommendations to the appropriate committees of the legislature

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and the early learning advisory council on research-based cultural competency standards for early learning professional training.

(5)(a) The Washington state institute for public policy shall conduct a longitudinal analysis examining relationships between the early achievers program quality ratings levels and outcomes for children participating in subsidized early care and education programs.

(b) The institute shall submit the first report to the appropriate committees of the legislature and the early learning advisory council by December 31, 2018. The institute shall submit subsequent reports annually to the appropriate committees of the legislature and the early learning advisory council by December 31st, with the final report due December 31, 2021. The final report shall include a cost-benefit analysis.

(6)(a) The department shall complete an annual early learning program implementation report on the early childhood education and assistance program and the working connections child care program.

(b) The early learning program implementation report must be posted annually on the department's web site and delivered to the appropriate committees of the legislature. The first report is due by December 31, 2015, and the final report is due by December 31, 2019.

(c) The early learning program implementation report must address the following:

(i) Progress on early childhood education and assistance program implementation as required pursuant to RCW 43.215.415, 43.215.425, and 43.215.455;

(ii) An examination of the regional distribution of new preschool programming by zip code;

(iii) An analysis of the impact of preschool expansion on low-income neighborhoods and communities;

(iv) Recommendations to address any identified barriers to access to quality preschool for children living in low-income neighborhoods;

(v) An analysis of any impact from quality strengthening efforts on the availability and quality of infant and toddler care;

(vi) An analysis of any impact of extended day early care and education opportunities directives;

(vii) An examination of any identified barriers for providers to offer extended day early care and education opportunities; and

(viii) To the extent data is available, an analysis of the cultural diversity of early childhood education and assistance program providers and participants.

NEW SECTION. **Sec. 11.** A new section is added to chapter 43.215 RCW to read as follows:

CONTRACTED CHILD CARE SLOTS AND VOUCHERS.

(1) Subject to the availability of amounts appropriated for this specific purpose, the department shall employ a combination of vouchers and contracted slots for the subsidized child care programs in RCW 43.215.135 and 43.215.415. Child care vouchers preserve parental choice. Child care contracted slots promote access to continuous quality care for children, provide parents and caregivers stable child care that supports employment, and allow providers to have predictable funding.

(2) Only child care providers who participate in the early achievers program and rate at a level 3, 4, or 5 are eligible to be awarded a contracted slot.

(3) The department is required to use data to calculate a set number of targeted contracted slots. In calculating the number, the department must take into account a balance of family home and center child care programs and the overall geographic distribution of child care programs in the state and the distribution of slots between ages zero and five. The targeted contracted slots are reserved for programs meeting both of the following conditions:

(a) Programs in low-income neighborhoods; and

(b) Programs that consist of at least fifty percent of children receiving subsidy pursuant to RCW 43.215.135.

(4) The department shall award the remaining contracted slots via a competitive process and prioritize child care programs with at least one of the following characteristics:

(a) Programs located in a high-need geographic area;

(b) Programs partnering with elementary schools to offer transitional planning and support to children as they advance to kindergarten;

(c) Programs serving children involved in the child welfare system; or

(d) Programs serving children diagnosed with a special need.

(5)(a) The department shall adopt rules pertaining to the working connections child care program for both contracted slots and child care vouchers that outline the following:

(i) Allowable periods of child absences;

(ii) Required contact with parents or caregivers to discuss child absences and encourage regular program attendance; and

(iii) A de-enrollment procedure when allowable child absences are exceeded.

(b) Rules pertaining to child absences and de-enrollment procedures shall be adopted no later than July 31, 2016. The department shall adopt rules on child absences and attendance within the department's appropriations.

(6) The department shall pay a provider for each contracted slot, unless a contracted slot is not used for thirty days.

(7)(a) By December 31, 2015, the department shall provide a report to the appropriate committees of the legislature on the number of contracted slots that use both early childhood education assistance program funding and working connections child care program funding. The department shall produce this report within the department's available appropriations.

(b) The report must be provided annually, with the last report due December 31, 2018.

NEW SECTION. **Sec. 12.** A new section is added to chapter 43.215 RCW to read as follows:

SINGLE SET OF LICENSING STANDARDS.

No later than July 1, 2016, the department shall implement a single set of licensing standards for child care and the early childhood education and assistance program. The department shall produce the single set of licensing standards within the department's available appropriations. The new licensing standards must:

(1) Provide minimum health and safety standards for child care and preschool programs;

(2) Rely on the standards established in the early achievers program to address quality issues in participating early childhood programs;

(3) Take into account the separate needs of family care providers and child care centers; and

(4) Promote the continued safety of child care settings.

NEW SECTION. **Sec. 13.** A new section is added to chapter 43.215 RCW to read as follows:

INTEGRATION WITH LOCAL GOVERNMENT EFFORTS.

(1) The foundation of quality in the early care and education system in Washington is the quality rating and improvement system entitled the early achievers program. In an effort to build on the existing quality framework, enhance access to quality care for children, and strengthen the entire early care and education systems in the state, it is important to integrate the efforts of state and local governments.

(2) Local governments are encouraged to collaborate with the department when establishing early learning programs for residents.

(3) Local governments may contribute funds to the department for the following purposes:

(a) Initial investments to build capacity and quality in local early care and education programming; and

(b) Reductions in copayments charged to parents or caregivers.

(4) Funds contributed to the department by local governments must be deposited in the early start account established in section 16 of this act.

Sec. 14. RCW 43.215.090 and 2012 c 229 s 589 are each amended to read as follows:

EARLY LEARNING ADVISORY COUNCIL.

(1) The early learning advisory council is established to advise the department on statewide early learning issues that would build a comprehensive system of quality early learning programs and services for Washington's children and families by assessing needs and the availability of services, aligning resources, developing plans for data collection and professional development of early childhood educators, and establishing key performance measures.

(2) The council shall work in conjunction with the department to develop a statewide early learning plan that guides the department in promoting alignment of private and public sector actions, objectives, and resources, and ensuring school readiness.

(3) The council shall include diverse, statewide representation from public, nonprofit, and for-profit entities. Its membership shall reflect regional, racial, and cultural diversity to adequately represent the needs of all children and families in the state.

(4) Councilmembers shall serve two-year terms. However, to stagger the terms of the council, the initial appointments for twelve of the members shall be for one year. Once the initial one-year to two-year terms expire, all subsequent terms shall be for two years, with the terms expiring on June 30th of the applicable year. The terms shall be staggered in such a way that, where possible, the terms of members representing a specific group do not expire simultaneously.

(5) The council shall consist of not more than twenty-three members, as follows:

(a) The governor shall appoint at least one representative from each of the following: The department, the office of financial management, the department of social and health services, the department of health, the student achievement council, and the state board for community and technical colleges;

(b) One representative from the office of the superintendent of public instruction, to be appointed by the superintendent of public instruction;

(c) The governor shall appoint seven leaders in early childhood education, with at least one representative with experience or expertise in one or more of the areas such as the following: The K-12 system, family day care providers, and child care centers with four of the seven governor's appointees made as follows:

(i) The head start state collaboration office director or the director's designee;

(ii) A representative of a head start, early head start, migrant/seasonal head start, or tribal head start program;

(iii) A representative of a local education agency; and

(iv) A representative of the state agency responsible for programs under section 619 or part C of the federal individuals with disabilities education act;

(d) Two members of the house of representatives, one from each caucus, and two members of the senate, one from each caucus, to be appointed by the speaker of the house of representatives and the president of the senate, respectively;

(e) Two parents, one of whom serves on the department's parent advisory group, to be appointed by the governor;

(f) One representative of the private-public partnership created in RCW 43.215.070, to be appointed by the partnership board;

(g) One representative designated by sovereign tribal governments; and

(h) One representative from the Washington federation of independent schools.

(6) The council shall be cochaired by one representative of a state agency and one nongovernmental member, to be elected by the council for two-year terms.

(7) The council shall appoint two members and stakeholders with expertise in early learning to sit on the technical working group created in section 2, chapter 234, Laws of 2010.

(8) Each member of the board shall be compensated in accordance with RCW 43.03.240 and reimbursed for travel expenses incurred in carrying out the duties of the board in accordance with RCW 43.03.050 and 43.03.060.

(9)(a) Subject to the availability of amounts appropriated for this specific purpose, the council may convene an early achievers review subcommittee to provide feedback and guidance on strategies to improve the quality of instruction and environment for early learning and provide input and recommendations on the implementation and refinement of the early achievers program. At a minimum the review shall address the following:

(i) Adequacy of data collection procedures;

(ii) Coaching and technical assistance standards;

(iii) Progress in reducing barriers to participation for low-income providers and providers from diverse cultural backgrounds;

(iv) Strategies in response to data on the effectiveness of early achievers program standards in relation to providers and children from diverse cultural backgrounds;

(v) Status of the life circumstance exemption protocols; and

(vi) Analysis of early achievers program data trends.

(b) The subcommittee must include consideration of cultural linguistic responsiveness when analyzing the areas for review required by (a) of this subsection.

(c) The subcommittee shall include representatives from child care centers, family child care, the early childhood education and assistance program, contractors for early achievers program technical assistance and coaching, the organization responsible for conducting early achiever program ratings, and parents of children participating in early learning programs. The subcommittee shall include representatives from diverse cultural and linguistic backgrounds.

(10) The department shall provide staff support to the council.

NEW SECTION. **Sec. 15.** ANNUAL PROGRESS REPORT. A new section is added to chapter 43.215 RCW to read as follows:

ANNUAL PROGRESS REPORT.

Beginning December 1, 2015, and each December 1st thereafter, the department, in collaboration with the early achievers review subcommittee of the early learning advisory council, shall submit, in compliance with RCW 43.01.036, a progress report to the governor and the legislature regarding

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providers' progress in the early achievers program. Each progress report must include the following elements:

(1) The number, and relative percentage, of providers by region who have enrolled in early achievers and who have:

(a) Completed the level 2 activities;

(b) Achieved the required rating level to remain eligible for state-funded support under the early childhood education and assistance program or a subsidy under the working connections child care program;

(c) Failed to achieve the required rating level and engaged in remedial activities before successfully achieving the required rating level;

(d) Failed to achieve the required rating level after completing remedial activities; or

(e) Received an extension from the department based on exceptional circumstances pursuant to RCW 43.215.100;

(2) An examination of the effectiveness of efforts to increase successful participation by providers serving children and families from diverse cultural and linguistic backgrounds and providers who serve children from low-income households;

(3) A description of the primary obstacles and challenges faced by providers who have not achieved the required rating level to remain eligible to receive:

(a) A subsidy under the working connections child care program; or

(b) State-funded support under the early childhood education and assistance program; and

(4) A summary of the types of exceptional circumstances for which the department has granted an extension pursuant to RCW 43.215.100.

NEW SECTION. **Sec. 16.** A new section is added to chapter 43.215 RCW to read as follows:

EARLY START ACCOUNT.

The early start account is created in the state treasury. Revenues in the account shall consist of appropriations by the legislature and all other sources deposited into the account. Moneys in the account may only be used after appropriation. Expenditures from the account may be used only to improve the quality of early care and education programming. The department oversees the account.

Sec. 17. RCW 43.215.010 and 2013 c 323 s 3 and 2013 c 130 s 1 are each reenacted and amended to read as follows:

DEFINITIONS.

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Agency" means any person, firm, partnership, association, corporation, or facility that provides child care and early learning services outside a child's own home and includes the following irrespective of whether there is compensation to the agency:

(a) "Child day care center" means an agency that regularly provides early childhood education and early learning services for a group of children for periods of less than twenty-four hours;

(b) "Early learning" includes but is not limited to programs and services for child care; state, federal, private, and nonprofit preschool; child care subsidies; child care resource and referral; parental education and support; and training and professional development for early learning professionals;

(c) "Family day care provider" means a child care provider who regularly provides early childhood education and early learning services for not more than twelve children in the provider's home in the family living quarters;

(d) "Nongovernmental private-public partnership" means an entity registered as a nonprofit corporation in Washington state with a primary focus on early learning, school readiness, and parental support, and an ability to raise a minimum of five million dollars in contributions;

(e) "Service provider" means the entity that operates a community facility.

(2) "Agency" does not include the following:

(a) Persons related to the child in the following ways:

(i) Any blood relative, including those of half-blood, and including first cousins, nephews or nieces, and persons of preceding generations as denoted by prefixes of grand, great, or great-great;

(ii) Stepfather, stepmother, stepbrother, and stepsister;

(iii) A person who legally adopts a child or the child's parent as well as the natural and other legally adopted children of such persons, and other relatives of the adoptive parents in accordance with state law; or

(iv) Spouses of any persons named in (a)(i), (ii), or (iii) of this subsection, even after the marriage is terminated;

(b) Persons who are legal guardians of the child;

(c) Persons who care for a neighbor's or friend's child or children, with or without compensation, where the person providing care for periods of less than twenty-four hours does not conduct such activity on an ongoing, regularly scheduled basis for the purpose of engaging in business, which includes, but is not limited to, advertising such care;

(d) Parents on a mutually cooperative basis exchange care of one another's children;

(e) Nursery schools that are engaged primarily in early childhood education with preschool children and in which no child is enrolled on a regular basis for more than four hours per day;

(f) Schools, including boarding schools, that are engaged primarily in education, operate on a definite school year schedule, follow a stated academic curriculum, accept only school((-))age children, and do not accept custody of children;

(g) Seasonal camps of three months' or less duration engaged primarily in recreational or educational activities;

(h) Facilities providing child care for periods of less than twenty-four hours when a parent or legal guardian of the child remains on the premises of the facility for the purpose of participating in:

(i) Activities other than employment; or

(ii) Employment of up to two hours per day when the facility is operated by a nonprofit entity that also operates a licensed child care program at the same facility in another location or at another facility;

(i) Any entity that provides recreational or educational programming for school((-))age((d)) children only and the entity meets all of the following requirements:

(i) The entity utilizes a drop-in model for programming, where children are able to attend during any or all program hours without a formal reservation;

(ii) The entity does not assume responsibility in lieu of the parent, unless for coordinated transportation;

(iii) The entity is a local affiliate of a national nonprofit; and

(iv) The entity is in compliance with all safety and quality standards set by the associated national agency;

(j) A program operated by any unit of local, state, or federal government or an agency, located within the boundaries of a federally recognized Indian reservation, licensed by the Indian tribe;

(k) A program located on a federal military reservation, except where the military authorities request that such agency be subject to the licensing requirements of this chapter;

(l) A program that offers early learning and support services, such as parent education, and does not provide child care services on a regular basis.

(3) "Applicant" means a person who requests or seeks employment in an agency.

(4) "Conviction information" means criminal history record information relating to an incident which has led to a conviction or other disposition adverse to the applicant.

(5) "Department" means the department of early learning.

(6) "Director" means the director of the department.

(7) "Early achievers" means a program that improves the quality of early learning programs and supports and rewards providers for their participation.

(8) "Early start" means an integrated high quality continuum of early learning programs for children birth-to-five years of age. Components of early start include, but are not limited to, the following:

(a) Home visiting and parent education and support programs;

(b) The early achievers program described in RCW 43.215.100;

(c) Integrated full-day and part-day high quality early learning programs; and

(d) High quality preschool for children whose family income is at or below one hundred ten percent of the federal poverty level.

(9) "Education data center" means the education data center established in RCW 43.41.400, commonly referred to as the education research and data center.

(10) "Employer" means a person or business that engages the services of one or more people, especially for wages or salary to work in an agency.

((~~(10)~~)) (11) "Enforcement action" means denial, suspension, revocation, modification, or nonrenewal of a license pursuant to RCW 43.215.300(1) or assessment of civil monetary penalties pursuant to RCW 43.215.300(3).

((~~(11)~~)) (12) "Extended day program" means an early childhood education and assistance program that offers child care for at least ten hours per day, five days per week, year round.

(13) "Full day program" means an early childhood education and assistance program that offers early learning activities a minimum of one thousand hours per year.

(14) "Low-income neighborhood" means a district or community where more than twenty percent of households are below the federal poverty level.

(15) "Negative action" means a court order, court judgment, or an adverse action taken by an agency, in any state, federal, tribal, or foreign jurisdiction, which results in a finding against the applicant reasonably related to the individual's character, suitability, and competence to care for or have unsupervised access to children in child care. This may include, but is not limited to:

(a) A decision issued by an administrative law judge;

(b) A final determination, decision, or finding made by an agency following an investigation;

(c) An adverse agency action, including termination, revocation, or denial of a license or certification, or if pending adverse agency action, the voluntary surrender of a license, certification, or contract in lieu of the adverse action;

(d) A revocation, denial, or restriction placed on any professional license; or

(e) A final decision of a disciplinary board.

((~~(12)~~)) (16) "Nonconviction information" means arrest, founded allegations of child abuse, or neglect pursuant to chapter 26.44 RCW, or other negative action adverse to the applicant.

((~~(13)~~)) (17) "Nonschool age child" means a child birth through six years of age who has yet to enter kindergarten or school.

(18) "Part day program" means an early childhood education and assistance program that offers child care for at least two and one-half hours per class session, at least three hundred twenty hours per year, for a minimum of thirty weeks per year.

(19) "Probationary license" means a license issued as a disciplinary measure to an agency that has previously been issued a full license but is out of compliance with licensing standards.

((~~(14)~~)) (20) "Requirement" means any rule, regulation, or standard of care to be maintained by an agency.

((~~(15)~~)) (21) "School age child" means a child not less than five years of age through twelve years of age and who is attending kindergarten or school.

(22) "Washington state preschool program" means an education program for children three-to-five years of age who have not yet entered kindergarten, such as the early childhood education and assistance program.

NEW SECTION. **Sec. 18.** REPEALER. 2013 2nd sp.s. c 16 s 2 (uncodified) is repealed.

NEW SECTION. **Sec. 19.** A new section is added to chapter 43.215 RCW to read as follows:

SHORT TITLE.

Chapter . . ., Laws of 2015 (this act) may be known and cited as the early start act.

NEW SECTION. **Sec. 20.** NULL AND VOID. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2015, in the omnibus appropriations act, this act is null and void."

MOTION

Senator Hasegawa moved that the following amendment by Senator Hasegawa to the striking amendment be adopted:

On page 1, after line 26, insert the following:

"(3) The legislature also finds that despite the proven success of targeted early learning programs, a targeted approach will always leave out some children who would benefit from access to high quality programming, including some disadvantaged children as well as children from working class families who simply may be unable to afford the full cost of top quality programs. The legislature also finds that school readiness is not just an issue for children living in poverty, it is also an issue for middle class children who lag behind their wealthy peers in both cognitive and social skills. The legislature further finds that voluntary universal preschool programs have the potential to be significantly more effective because they serve disadvantaged children in heterogeneous classes and all children benefit when all of their classmates are better prepared for school success. The legislature, therefore, intends to continue building capacity while also focusing on quality in state-supported, targeted early learning programs, with the long-term goal of pursuing strategies to implement a voluntary universal high quality early learning program that would be available to all children in the state."

WITHDRAWAL OF AMENDMENT

On motion of Senator Hasegawa, the amendment by Senator Hasegawa on page 2, after line 26 to the striking amendment to Second Substitute Senate Bill No. 5452 was withdrawn.

MOTION

Senator Jayapal moved that the following amendment by Senators Jayapal and Litzow to the striking amendment be adopted:

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On page 20, line 6 of the amendment, after "backgrounds" insert ", including a review of the early achievers program's rating tools, quality standard areas, and components and how they are applied"

Senators Jayapal and Litzow spoke in favor of adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senators Jayapal and Litzow on page 20, line 6 to the striking amendment to Second Substitute Senate Bill No. 5452.

The motion by Senator Jayapal carried and the amendment to the striking amendment was adopted by voice vote.

The President declared the question before the Senate to be the adoption of the striking amendment by Senator Litzow to Second Substitute Senate Bill No. 5452 as amended.

The motion by Senator Litzow carried and the striking amendment as amended was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "system;" strike the remainder of the title and insert "amending RCW 43.215.100, 43.215.135, 43.215.1352, 43.215.425, 43.215.415, 43.215.455, and 43.215.090; reenacting and amending RCW 43.215.010; adding new sections to chapter 43.215 RCW; creating new sections; and repealing 2013 2nd sp.s. c 16 s 2 (uncodified)."

MOTION

On motion of Senator Litzow, the rules were suspended, Engrossed Second Substitute Senate Bill No. 5452 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Litzow, Billig, McAuliffe, Jayapal, Hargrove, Miloscia and King spoke in favor of passage of the bill.

Senators Nelson, Honeyford, Chase, Padden and Hasegawa spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Second Substitute Senate Bill No. 5452.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute Senate Bill No. 5452 and the bill passed the Senate by the following vote: Yeas, 39; Nays, 10; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Becker, Benton, Billig, Braun, Brown, Cleveland, Conway, Dammeier, Darneille, Fain, Fraser, Frockt, Habib, Hargrove, Hatfield, Hewitt, Hill, Hobbs, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, O'Ban, Parlette, Pedersen, Ranker, Rivers, Rolfes, Schoesler, Sheldon and Warnick

Voting nay: Senators Baumgartner, Chase, Dansel, Ericksen, Hasegawa, Honeyford, Nelson, Padden, Pearson and Roach

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5452, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5935, by Senators Parlette and Frockt

Concerning biological products.

The measure was read the second time.

MOTION

Senator Parlette moved that the following striking amendment by Senator Parlette be adopted:

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 69.41.110 and 1979 c 110 s 1 are each amended to read as follows:

As used in RCW 69.41.100 through 69.41.180, the following words shall have the following meanings:

(1) "Brand name" means the proprietary or trade name selected by the manufacturer and placed upon a drug, its container, label, or wrapping at the time of packaging;

(2) "Generic name" means the official title of a drug or drug ingredients published in the latest edition of a nationally recognized pharmacopoeia or formulary;

(3) "Substitute" means to dispense, with the practitioner's authorization, a "therapeutically equivalent" drug product ((~~of the identical base or salt as the specific drug product prescribed: PROVIDED, That with the practitioner's prior consent, therapeutically equivalent drugs other than the identical base or salt may be dispensed~~)) or "interchangeable biological" drug product;

(4) "Therapeutically equivalent" means a drug product of the identical base or salt as the specific drug product prescribed with essentially the same efficacy and toxicity when administered to an individual in the same dosage regimen; ((~~and~~))

(5) "Practitioner" means a physician, osteopathic physician and surgeon, dentist, veterinarian, or any other person authorized to prescribe drugs under the laws of this state;

(6) "Biological product" means any of the following, when applied to the prevention, treatment, or cure of a disease or condition of human beings: (a) A virus; (b) a therapeutic serum; (c) a toxin; (d) an antitoxin; (e) a vaccine; (f) blood, blood component, or derivative; (g) an allergenic product; (h) a protein, other than a chemically synthesized polypeptide, or an analogous product; or (i) arsphenamine, a derivative of arsphenamine, or any trivalent organic arsenic compound; and

(7) "Interchangeable" means a biological product:

(a) Licensed by the federal food and drug administration and determined to meet the safety standards for interchangeability pursuant to 42 U.S.C. Sec. 262(k)(4) as set forth in the federal food and drug administration's lists of licensed biological products with reference product exclusivity and biosimilarity or interchangeability valuations, sometimes referred to as the purple book; or

(b) Determined by the federal food and drug administration to be therapeutically equivalent as set forth in the latest edition or supplement of the federal food and drug administration approved drug products with therapeutic equivalence evaluations, sometimes referred to as the orange book.

Sec. 2. RCW 69.41.120 and 2000 c 8 s 3 are each amended to read as follows:

(1) Every drug prescription shall contain an instruction on whether or not a therapeutically equivalent generic drug or interchangeable biological product may be substituted in its place, unless substitution is permitted under a prior-consent authorization.

draft

If a written prescription is involved, the prescription must be legible and the form shall have two signature lines at opposite ends on the bottom of the form. Under the line at the right side shall be clearly printed the words "DISPENSE AS WRITTEN". Under the line at the left side shall be clearly printed the words "SUBSTITUTION PERMITTED". The practitioner shall communicate the instructions to the pharmacist by signing the appropriate line. No prescription shall be valid without the signature of the practitioner on one of these lines. In the case of a prescription issued by a practitioner in another state that uses a one-line prescription form or variation thereof, the pharmacist may substitute a therapeutically equivalent generic drug or interchangeable biological product unless otherwise instructed by the practitioner through the use of the words "dispense as written", words of similar meaning, or some other indication.

(2) If an oral prescription is involved, the practitioner or the practitioner's agent shall instruct the pharmacist as to whether or not a therapeutically equivalent generic drug or interchangeable biological product may be substituted in its place. The pharmacist shall note the instructions on the file copy of the prescription.

(3) The pharmacist shall note the manufacturer of the drug dispensed on the file copy of a written or oral prescription.

(4) The pharmacist shall retain the file copy of a written or oral prescription for the same period of time specified in RCW 18.64.245 for retention of prescription records.

NEW SECTION. **Sec. 3.** A new section is added to chapter 69.41 RCW to read as follows:

(1) Unless the prescribed biological product is requested by the patient or the patient's representative, if "substitution permitted" is marked on the prescription as provided in RCW 69.41.120, the pharmacist must substitute an interchangeable biological product that he or she has in stock for the biological product prescribed if the wholesale price for the interchangeable biological product to the pharmacist is less than the wholesale price for the biological product prescribed.

(2) This section expires August 1, 2020.

NEW SECTION. **Sec. 4.** A new section is added to chapter 69.41 RCW to read as follows:

(1) Within five business days following the dispensing of a biological product, the dispensing pharmacist or the pharmacist's designee must make an entry of the specific product provided to the patient, including the name of the product and the manufacturer, into an interoperable electronic medical records system or through an electronic prescribing technology or a pharmacy record that is electronically accessible by the practitioner. Otherwise, the pharmacist must communicate to the practitioner the specific product provided to the patient, including the name of the product and manufacturer, using facsimile, telephone, electronic transmission, or other prevailing means. No entry or communication pursuant to this section is required if:

(a) There is no federal food and drug administration-approved interchangeable biological product for the product prescribed;

(b) A refill prescription is not changed from the product dispensed on the prior filling of the prescription; or

(c) The pharmacist or the pharmacist's designee and the practitioner communicated before dispensing and the communication included confirmation of the specific product to be provided to the patient, including the name of the product and the manufacturer.

(2) This section expires August 1, 2020.

NEW SECTION. **Sec. 5.** A new section is added to chapter 69.41 RCW to read as follows:

The pharmacy quality assurance commission must maintain a link on its web site to the current list of all biological products determined by the federal food and drug administration as interchangeable.

Sec. 6. RCW 69.41.150 and 2003 1st sp.s. c 29 s 6 are each amended to read as follows:

(1) A practitioner who authorizes a prescribed drug shall not be liable for any side effects or adverse reactions caused by the manner or method by which a substituted drug product is selected or dispensed.

(2) A pharmacist who substitutes ((~~an~~)) a therapeutically equivalent drug product pursuant to RCW 69.41.100 through 69.41.180 as now or hereafter amended assumes no greater liability for selecting the dispensed drug product than would be incurred in filling a prescription for a drug product prescribed by its established name.

(3) A pharmacist who substitutes a preferred drug for a nonpreferred drug pursuant to RCW 69.41.190 assumes no greater liability for substituting the preferred drug than would be incurred in filling a prescription for the preferred drug when prescribed by name.

(4) A pharmacist who selects an interchangeable biological product to be dispensed pursuant to RCW 69.41.100 through 69.41.180, and the pharmacy for which the pharmacist is providing service, assumes no greater liability for selecting the interchangeable biological product than would be incurred in filling a prescription for the interchangeable biological product when prescribed by name. The prescribing practitioner is not liable for a pharmacist's act or omission in selecting, preparing, or dispensing an interchangeable biological product under this section.

Sec. 7. RCW 69.41.160 and 1979 c 110 s 6 are each amended to read as follows:

Every pharmacy shall post a sign in a location at the prescription counter that is readily visible to patrons stating, "Under Washington law, ((~~an equivalent but~~)) a less expensive interchangeable biological product or equivalent drug may in some cases be substituted for the drug prescribed by your doctor. Such substitution, however, may only be made with the consent of your doctor. Please consult your pharmacist or physician for more information.""

MOTION

Senator Billig moved that the following amendment by Senators Billig, Frockt and Hargrove to the striking amendment be adopted:

On page 3, after line 14 of the amendment, insert the following:

"NEW SECTION. **Sec. 4.** A new section is added to chapter 69.41 RCW to read as follows:

For the purposes of the patient counseling requirement adopted in rule by the pharmacy quality assurance commission pursuant to RCW 18.64.005(7), a dispensing pharmacist who substitutes an interchangeable biological product for the biological product being prescribed must disclose this substitution to the patient or the patient's representative. This disclosure must include the name of the product and the manufacturer of the interchangeable biological product dispensed and must occur at the time the interchangeable biological product is dispensed."

Renumber the remaining sections consecutively and correct any internal references accordingly.

Senators Billig and Parlette spoke in favor of adoption of the amendment to the striking amendment.

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The President declared the question before the Senate to be the adoption of the amendment by Senators Billig, Frockt and Hargrove on page 3, after line 14 to the striking amendment to Senate Bill No. 5935.

The motion by Senator Billig carried and the amendment to the striking amendment was adopted by voice vote.

The President declared the question before the Senate to be the adoption of the striking amendment by Senator Parlette to Senate Bill No. 5935 as amended.

The motion by Senator Parlette carried and the striking amendment as amended was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 1 of the title, after "products;" strike the remainder of the title and insert "amending RCW 69.41.110, 69.41.120, 69.41.150, and 69.41.160; adding new sections to chapter 69.41 RCW; and providing expiration dates."

MOTION

On motion of Senator Parlette, the rules were suspended, Engrossed Senate Bill No. 5935 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Parlette and Frockt spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 5935.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 5935 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 1; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Voting nay: Senator Dansel

ENGROSSED SENATE BILL NO. 5935, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5084, by Senators Becker, Frockt, Conway, Keiser and Mullet

Clarifying the all payer claims database to improve health care quality and cost transparency by changing certain definitions regarding data, reporting and pricing of products, responsibility of the office and lead organization, and parameters for release of information. Revised for 1st Substitute: Modifying the all payer claims database to improve health care quality and cost transparency by changing provisions related to definitions regarding data, reporting and pricing of products, responsibilities of the office of financial management and the lead organization, submission to the database, and parameters for release of information.

MOTION

On motion of Senator Becker, Substitute Senate Bill No. 5084 was substituted for Senate Bill No. 5084 and the substitute bill was placed on the second reading and read the second time.

MOTION

Senator Becker moved that the following striking amendment by Senators Becker and Frockt be adopted:

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 43.371.010 and 2014 c 223 s 8 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Authority" means the health care authority.

(2) "Carrier" and "health carrier" have the same meaning as in RCW 48.43.005.

(3) "Claims data" means the data required by RCW 43.371.030 to be submitted to the database, including billed, allowed and paid amounts, and such additional information as defined by the director in rule. ((~~"Claims data" includes: (a) Claims data related to health care coverage and services funded, in whole or in part, in the omnibus appropriations act, including coverage and services funded by appropriated and nonappropriated state and federal moneys, for medicaid programs and the public employees benefits board program; and (b) claims data voluntarily provided by other data suppliers, including carriers and self-funded employers.~~))

(4) "Database" means the statewide all-payer health care claims database established in RCW 43.371.020.

(5) "Data vendor" means an entity contracted to perform data collection, processing, aggregation, extracts, analytics, and reporting.

(6) "Director" means the director of financial management.

((~~(6)~~)) (7) "Lead organization" means the organization selected under RCW 43.371.020.

((~~(7)~~)) (8) "Office" means the office of financial management.

(9) "Data supplier" means: (a) A carrier, third-party administrator, or a public program identified in RCW 43.371.030 that provides claims data; and (b) a carrier or any other entity that provides claims data to the database at the request of an employer-sponsored self-funded health plan or Taft-Hartley trust health plan pursuant to RCW 43.371.030(1).

(10) "Direct patient identifier" means a data variable that directly identifies an individual including, but not limited to, first name, last name, social security number, birth month, birth day, medical record numbers, individual health plan beneficiary numbers, biometric identifiers, full face photographic images and any comparable images, postal address, telephone numbers, fax numbers, electronic mail addresses, contact information, and any other data or records that can be directly connected to an individual.

(11) "Indirect patient identifier" means a data variable that can be associated with an individual when characteristics are considered in combination or when combined with other data sources. Indirect patient identifiers may include, but are not limited to, geographic identifiers smaller than a state, including city, zip code, or census tract, dates directly related to an individual, including birth date, admission date, discharge date, certain procedure dates, date of death, and ages over eighty-nine.

draft

(12) "Proprietary financial information" means claims data or reports that disclose or would allow the determination of specific terms of contracts, discounts, or fixed reimbursement arrangements or other specific reimbursement arrangements between an individual health care facility or health care provider, as those terms are defined in RCW 48.43.005, and a specific payer, or internal fee schedule or other internal pricing mechanism of integrated delivery systems owned by a carrier.

(13) "Unique identifier" means an identifier assigned by a data vendor to individuals represented in the database, based on a probabilistic matching of numerous data elements to establish that record's uniqueness and to establish a basis for following an individual longitudinally throughout different payers and encounters in the data without revealing an individual's identity.

Sec. 2. RCW 43.371.020 and 2014 c 223 s 10 are each amended to read as follows:

(1) The office shall establish a statewide all-payer health care claims database to support transparent public reporting of health care information. The database must improve transparency to: Assist patients, providers, and hospitals to make informed choices about care; enable providers, hospitals, and communities to improve by benchmarking their performance against that of others by focusing on best practices; enable purchasers to identify value, build expectations into their purchasing strategy, and reward improvements over time; and promote competition based on quality and cost. The database must systematically collect all medical claims and pharmacy claims from private and public payers, with data from all settings of care that permit the systematic analysis of health care delivery.

(2) The ((~~director shall select a lead organization~~)) office shall use a competitive procurement process, in accordance with chapter 39.26 RCW, to select a lead organization from among the best potential bidders to coordinate and manage the database.

(a) Due to the complexities of the all payer claims database and the unique privacy, quality, and financial objectives, the request for proposals must include the following criteria to be applied in the scoring evaluation: (i) Extra points must be awarded based upon the degree of experience in health care data collection, analysis, analytics, and security; (ii) extra points must be awarded to a lead organization that has experience in reviewing and setting up an all payer claims database in at least two other states; and (iii) extra points must be awarded to a lead organization that has a long-term self-sustainable financial model.

(b) The successful lead organization must be certified as a qualified entity pursuant to 42 C.F.R. Sec. 401.703(a) by the centers for medicare and medicaid services by December 31, 2017.

(3) As part of the competitive procurement process in subsection (2) of this section, the office shall enter into a separate contract with a data vendor. The data vendor is to work at the direction of the lead organization to perform data collection, processing, aggregation, extracts, and analytics. The data vendor must:

(a) Establish a secure data submission process with data suppliers;

(b) Review data submitters' files according to standards established by the office;

(c) Assess each record's alignment with established format, frequency, and consistency criteria;

(d) Maintain responsibility for quality assurance, including, but not limited to: (i) The accuracy and validity of data suppliers; (ii) accuracy of dates of service spans; (iii) maintaining consistency of record layout and counts; and (iv) identifying duplicate records;

(e) Assign unique identifiers, as defined in RCW 43.371.010(13), to individuals represented in the database;

(f) Ensure that direct patient identifiers, indirect patient identifiers, and proprietary financial information are released only in compliance with the terms of this act;

(g) Demonstrate internal controls and affiliations with separate organizations as appropriate to ensure safe data collection, security of the data with state of the art encryption methods, actuarial support, and data review for accuracy and quality assurance;

(h) Store data on secure servers that are compliant with the federal health insurance portability and accountability act and regulations, and access to the data must be strictly controlled and limited to staff with appropriate training, clearance, and background checks; and

(i) Have state of the art security standards for transferring data to approved data requestors.

(4) The lead organization and data vendor must submit detailed descriptions to the office of the chief information officer to ensure robust security methods are in place. The office of the chief information officer must report its findings to the office and the appropriate committees of the legislature.

(5) The lead organization is responsible for internal governance, management, funding, and operations of the database. At the direction of the office, the lead organization shall work with the data vendor to:

(a) Collect claims data from data suppliers as provided in RCW 43.371.030;

(b) Design data collection mechanisms with consideration for the time and cost ((~~involved~~)) incurred by data suppliers and others in submission, collection, and the benefits that measurement would achieve, with an eye toward ensuring the data submitted meets quality standards and is reviewed for quality assurance, and all patient-specific information is deidentified with an up-to-date industry standard encryption algorithm;

(c) Ensure protection of collected data and store and use any data with patient-specific or proprietary financial information in a manner that protects patient privacy and complies with this section;

(d) Consistent with the requirements of this chapter, make information from the database available as a resource for public and private entities, including carriers, employers, providers, hospitals, and purchasers of health care;

(e) Report performance on cost and quality pursuant to RCW 43.371.060 using, but not limited to, the performance measures developed under RCW 41.05.690;

(f) Develop protocols and policies, including prerelease peer review by data suppliers, to ensure the quality of data releases and reports;

(g) Develop a plan for the financial sustainability of the database as self-sustaining and charge fees ((~~not to exceed five thousand dollars unless otherwise negotiated~~)) for reports and data files as needed to fund the database. Any fees must be approved by the office and ((~~must~~)) should be comparable, accounting for relevant differences across data ((~~requesters and users~~)) requests and uses, and should not be applied to providers or data suppliers other than the fees directly related to requested reports; and

(h) Convene advisory committees with the approval and participation of the office, including: (i) A committee on data policy development; and (ii) a committee to establish a data release process consistent with the requirements of this chapter and to provide advice regarding formal data release requests. The advisory committees must include in-state representation from

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key provider, hospital, ((~~payer,~~)) public health, health maintenance organization, large and small private purchasers, ((~~and~~)) consumer organizations, and the two largest carriers supplying claims data to the database.

(((~~(3)~~)) (6) The lead organization governance structure and advisory committees for this database must include representation of the third-party administrator of the uniform medical plan. A payer, health maintenance organization, or third-party administrator must be a data supplier to the all-payer health care claims database to be represented on the lead organization governance structure or advisory committees.

Sec. 3. RCW 43.371.030 and 2014 c 223 s 11 are each amended to read as follows:

(1) ((~~Data suppliers must~~)) The state medicaid program, public employees' benefits board programs, all health carriers operating in this state, all third-party administrators paying claims on behalf of health plans in this state, and the state labor and industries program must submit claims data to the database within the time frames established by the director in rule and in accordance with procedures established by the lead organization. The director may expand this requirement by rule to include any health plans or health benefit plans defined in RCW 48.43.005(26) (a) through (i) to accomplish the goals of this chapter set forth in RCW 43.371.020(1). Employer-sponsored self-funded health plans and Taft-Hartley trust health plans may voluntarily provide claims data to the database within the time frames and in accordance with procedures established by the lead organization.

(2) ((~~An entity that is not a data supplier but that chooses to participate in the database shall require any third-party administrator utilized by the entity's plan to release any claims data related to persons receiving health coverage from the plan.~~)) Any data supplier used by an entity that voluntarily participates in the database must provide claims data to the lead organization upon request of the entity.

(3) ((~~Each data supplier~~)) The lead organization shall submit an annual status report to the office regarding ((~~its~~)) compliance with this section. ((~~The report to the legislature required by section 2 of this act must include a summary of these status reports.~~))

Sec. 4. RCW 43.371.040 and 2014 c 223 s 12 are each amended to read as follows:

(1) The claims data provided to the database, the database itself, including the data compilation, and any raw data received from the database are not public records and are exempt from public disclosure under chapter 42.56 RCW.

(2) Claims data obtained, distributed, or reported in the course of activities undertaken pursuant to or supported under this chapter are not subject to subpoena or similar compulsory process in any civil or criminal, judicial, or administrative proceeding, nor may any individual or organization with lawful access to data under this chapter be compelled to provide such information pursuant to subpoena or testify with regard to such data, except that data pertaining to a party in litigation may be subject to subpoena or similar compulsory process in an action brought by or on behalf of such individual to enforce any liability arising under this chapter.

Sec. 5. RCW 43.371.050 and 2014 c 223 s 13 are each amended to read as follows:

(1) Except as otherwise required by law, claims or other data from the database shall only be available for retrieval in original or processed form to public and private requesters pursuant to this section and shall be made available within a reasonable time after the request. Each request for claims data must include, at a minimum, the following information:

(a) The identity of any entities that will analyze the data in connection with the request;

(b) The stated purpose of the request and an explanation of how the request supports the goals of this chapter set forth in RCW 43.371.020(1);

(c) A description of the proposed methodology;

(d) The specific variables requested and an explanation of how the data is necessary to achieve the stated purpose described pursuant to (b) of this subsection;

(e) How the requester will ensure all requested data is handled in accordance with the privacy and confidentiality protections required under this chapter and any other applicable law;

(f) The method by which the data will be stored, destroyed, or returned to the lead organization at the conclusion of the data use agreement;

(g) The protections that will be utilized to keep the data from being used for any purposes not authorized by the requester's approved application; and

(h) Consent to the penalties associated with the inappropriate disclosures or uses of direct patient identifiers and proprietary financial information outlined in RCW 43.371.070(1)(h).

(2) The lead organization may decline a request that does not include the information set forth in subsection (1) of this section, that does not meet the criteria established by the lead organization's data release advisory committee, or for reasons established by rule.

(3) Except as otherwise required by law, the office shall direct the lead organization and the data vendor to maintain the confidentiality of claims or other data it collects for the database that include ((~~direct and~~)) proprietary financial information, direct patient identifiers, indirect patient identifiers, or any combination thereof. Any ((~~agency, researcher, or other person~~)) entity that receives claims or other data ((~~under this section containing direct or indirect patient identifiers~~)) must also maintain confidentiality and may ((~~not~~)) only release such claims ((~~or other data except as consistent with this section. The office shall oversee the lead organization's release of data as follows~~)) data or any part of the claims data if:

(a) The claims data does not contain proprietary financial information, direct patient identifiers, indirect patient identifiers, or any combination thereof; and

(b) The release is described and approved as part of the request in subsection (1) of this section.

(4) The lead organization shall, in conjunction with the office and the data vendor, create and implement a process to govern levels of access to and use of data from the database consistent with the following:

(a) Claims or other data that include ((~~direct or~~)) proprietary financial information, direct patient identifiers, indirect patient identifiers, ((~~as specifically defined in rule,~~)) or any combination thereof may be released only to the extent such information is necessary to achieve the goals of this chapter set forth in RCW 43.371.020(1) to((~~:~~

~~(i) Federal, state, and local government agencies upon receipt of a signed data use agreement with the office and the lead organization; and~~

~~(ii)~~)) researchers with approval of an institutional review board upon receipt of a signed data use and confidentiality agreement with ((~~the office and~~)) the lead organization. A researcher or research organization that obtains claims data pursuant to this subsection must agree in writing not to disclose such data or parts of the data set to any other party, including affiliated entities, and must consent to the penalties associated with the inappropriate disclosures or uses of direct patient identifiers and proprietary financial information outlined in RCW 43.371.070(1)(h).

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(b) Claims or other data that do not contain proprietary financial information, direct patient identifiers, or any combination thereof, but that may contain indirect patient identifiers may be released to agencies, researchers, and other ((~~persons~~)) entities as approved by the lead organization upon receipt of a signed data use agreement with the lead organization.

(c) Claims or other data that do not contain direct ((~~or~~)) patient identifiers, indirect patient identifiers, proprietary financial information, or any combination thereof may be released upon request.

((~~(3)~~)) (5) Reports utilizing data obtained under this section may not contain proprietary financial information, direct patient identifiers, indirect patient identifiers, or any combination thereof. Nothing in this subsection (5) may be construed to prohibit the use of aggregate zip codes, gender, and age in the generation of reports, so long as they cannot lead to the identification of an individual.

(6) Reports issued by the lead organization, in conjunction with the data vendor, at the request of providers, facilities, employers, health plans, and other entities as approved by the lead organization may utilize proprietary financial information to calculate aggregate cost data for display in such reports. The office will approve by rule a format for the calculation and display of aggregate cost data consistent with this act that will prevent the disclosure or determination of proprietary financial information. In developing the rule, the office shall solicit feedback from the stakeholders, including those listed in RCW 43.371.020(5)(h), and must consider, at a minimum, data presented as proportions, ranges, averages, and medians, as well as the differences in types of data gathered and submitted by data suppliers.

(7) Recipients of claims or other data under subsection ((~~(2)(a) or (b)~~)) (4) of this section must agree in a data use agreement or a confidentiality agreement to, at a minimum:

(a) Take steps to protect data containing direct and indirect patient ((~~identifying~~)) identifiers, proprietary financial information, or any combination thereof as described in the agreement; ((~~and~~))

(b) Not redisclose the claims data except ((~~as authorized in the agreement consistent with the purpose of the agreement or as otherwise required by law.~~

~~(4) Recipients of the claims or other data under subsection (2)(b) of this section must not attempt to determine the identity of persons whose information is included in the data set or use the claims or other data in any manner that identifies the individuals or their families.~~

~~(5) For purposes of this section, the following definitions apply unless the context clearly requires otherwise.~~

~~(a) "Direct patient identifier" means information that identifies a patient.~~

~~(b) "Indirect patient identifier" means information that may identify a patient when combined with other information~~)) pursuant to subsection (3) of this section;

(c) Not attempt to determine the identity of any person whose information is included in the data set or use the claims or other data in any manner that identifies any individual or their family or attempt to locate information associated with a specific individual;

(d) Destroy or return claims data to the lead organization at the conclusion of the data use agreement; and

(e) Consent to the penalties associated with the inappropriate disclosures or uses of direct patient identifiers and proprietary financial information outlined in RCW 43.371.070(1)(h).

Sec. 6. RCW 43.371.060 and 2014 c 223 s 14 are each amended to read as follows:

(1)(a) Under the supervision of and through contract with the office, the lead organization shall, in conjunction with the data vendor, prepare health care data reports using the database and the statewide health performance and quality measure set((~~, including only those measures that can be completed with readily available claims data~~)). Prior to the lead organization releasing any health care data reports that use claims data, the lead organization must submit the reports to the office for review ((~~and approval~~)).

(b) By October 31st of each year, the lead organization shall submit to the director a list of reports it anticipates producing during the following calendar year. The director may establish a public comment period not to exceed thirty days, and shall submit the list and any comment to the appropriate committees of the legislature for review.

(2)(a) Health care data reports that use claims data prepared by the lead organization ((~~that use claims data must assist~~)), in conjunction with the data vendor, for the legislature and the public ((~~with~~)) should promote awareness and ((~~promotion of~~)) transparency in the health care market by reporting on:

(i) Whether providers and health systems deliver efficient, high quality care; and

(ii) Geographic and other variations in medical care and costs as demonstrated by data available to the lead organization.

(b) Measures in the health care data reports should be stratified by demography, income, language, health status, and geography when feasible with available data to identify disparities in care and successful efforts to reduce disparities.

(c) Comparisons of costs among providers and health care systems must account for differences in ((~~acuity~~)) the case mix and severity of illness of patients and populations, as appropriate and feasible, and must take into consideration the cost impact of subsidization for uninsured and ((~~governmental~~)) government-sponsored patients, as well as teaching expenses, when feasible with available data.

(3) The lead organization may not publish any data or health care data reports that:

(a) Directly or indirectly ((~~identify~~)) identifies individual patients;

(b) ((~~Disclose specific terms of contracts, discounts, or fixed reimbursement arrangements or other specific reimbursement arrangements between an individual provider and a specific payer~~)) Discloses a carrier's proprietary financial information; or

(c) Compares performance in a report generated for the general public that includes any provider in a practice with fewer than ((~~five~~)) four providers.

(4) The lead organization may not release a report that compares and identifies providers, hospitals, or data suppliers unless ((~~it~~)):

(a) It allows the data supplier, the hospital, or the provider to verify the accuracy of the information submitted to the lead organization, comment on the reasonableness of conclusions reached, and submit to the lead organization any corrections of errors with supporting evidence and comments within ((~~forty-five~~)) thirty days of receipt of the report; ((~~and~~))

(b) It corrects data found to be in error within a reasonable amount of time; and

(c) The report otherwise complies with this chapter.

(5) The office and the lead organization may use claims data to identify and make available information on payers, providers, and facilities, but may not use claims data to recommend or incentivize direct contracting between providers and employers.

(6)(a) The lead organization shall ((~~ensure that no individual data supplier comprises more than twenty-five percent of the claims data used in any report or other analysis generated from~~

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~~the database. For purposes of this subsection, a "data supplier" means a carrier and any self-insured employer that uses the carrier's provider contracts~~)) distinguish in advance to the office when it is operating in its capacity as the lead organization and when it is operating in its capacity as a private entity. Where the lead organization acts in its capacity as a private entity, it may only access data pursuant to RCW 43.371.050(4) (b) or (c).

(b) Claims or other data that contain direct patient identifiers or proprietary financial information are to remain exclusively in the custody of the data vendor and, consistent with the data release provisions of RCW 43.371.050(4)(a), may not be accessed by the lead organization.

Sec. 7. RCW 43.371.070 and 2014 c 223 s 15 are each amended to read as follows:

(1) The director shall adopt any rules necessary to implement this chapter, including:

(a) Definitions of claim and data files that data suppliers must submit to the database, including: Files for covered medical services, pharmacy claims, and dental claims; member eligibility and enrollment data; and provider data with necessary identifiers;

(b) Deadlines for submission of claim files;

(c) Penalties for failure to submit claim files as required;

(d) Procedures for ensuring that all data received from data suppliers are securely collected and stored in compliance with state and federal law; ((~~and~~))

(e) Procedures for ensuring compliance with state and federal privacy laws;

(f) Procedures for establishing appropriate fees;

(g) Procedures for data release; and

(h) Penalties associated with the inappropriate disclosures or uses of direct patient identifiers and proprietary financial information.

(2) The director may not adopt rules, policies, or procedures beyond the authority granted in this chapter.

NEW SECTION. **Sec. 8.** A new section is added to chapter 43.371 RCW to read as follows:

(1) By December 1st of 2016 and 2017, the office shall report to the appropriate committees of the legislature regarding the development and implementation of the database, including but not limited to budget and cost detail, technical progress, and work plan metrics.

(2) Every two years commencing two years following the year in which the first report is issued or the first release of data is provided from the database, the office shall report to the appropriate committees of the legislature regarding the cost, performance, and effectiveness of the database and the performance of the lead organization under its contract with the office. Using independent economic expertise, subject to appropriation, the report must evaluate whether the database has advanced the goals set forth in RCW 43.371.020(1), as well as the performance of the lead organization. The report must also make recommendations regarding but not limited to how the database can be improved, whether the contract for the lead organization should be modified, renewed, or terminated, and the impact the database has had on competition between and among providers, purchasers, and payers.

(3) Beginning July 1, 2015, and every six months thereafter, the office shall report to the appropriate committees of the legislature regarding any additional grants received or extended.

NEW SECTION. **Sec. 9.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected."

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Becker and Frockt to Substitute Senate Bill No. 5084.

The motion by Senator Becker carried and the striking amendment was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 6 of the title, after "information;" strike the remainder of the title and insert "amending RCW 43.371.010, 43.371.020, 43.371.030, 43.371.040, 43.371.050, 43.371.060, and 43.371.070; and adding a new section to chapter 43.371 RCW."

MOTION

On motion of Senator Becker, the rules were suspended, Engrossed Substitute Senate Bill No. 5084 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Becker, Frockt and Mullet spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5084.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5084 and the bill passed the Senate by the following vote: Yeas, 44; Nays, 5; Absent, 0; Excused, 0.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Darneille, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Voting nay: Senators Dammeier, Dansel, Ericksen, O'Ban and Padden

ENGROSSED SUBSTITUTE SENATE BILL NO. 5084, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

At 5:55 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 6:56 p.m. by President Owen.

MOTION

On motion of Senator Fain, the Senate advanced to the seventh order of business.

THIRD READING
CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

MOTION

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Senator Chase moved that Robert F. Kehoe, Gubernatorial Appointment No. 9197, be confirmed as a member of the Fish and Wildlife Commission.

Senator Chase spoke in favor of the motion.

MOTION

On motion of Senator Habib, Senator Frockt was excused.

APPOINTMENT OF ROBERT F. KEHOE

The President declared the question before the Senate to be the confirmation of Robert F. Kehoe, Gubernatorial Appointment No. 9197, as a member of the Fish and Wildlife Commission.

The Secretary called the roll on the confirmation of Robert F. Kehoe, Gubernatorial Appointment No. 9197, as a member of the Fish and Wildlife Commission and the appointment was confirmed by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Excused: Senator Frockt

Robert F. Kehoe, Gubernatorial Appointment No. 9197, having received the constitutional majority was declared confirmed as a member of the Fish and Wildlife Commission.

MOTION

On motion of Senator Fain, the Senate reverted to the sixth order of business.

SECOND READING

SENATE BILL NO. 5965, by Senators Warnick, Hatfield, Pearson, Hobbs and Bailey

Evaluating mitigation options for impacts to base flows and minimum instream flows.

MOTIONS

On motion of Senator Warnick, Substitute Senate Bill No. 5965 was substituted for Senate Bill No. 5965 and the substitute bill was placed on the second reading and read the second time.

On motion of Senator Warnick, the rules were suspended, Substitute Senate Bill No. 5965 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Warnick and Hatfield spoke in favor of passage of the bill.

POINT OF INQUIRY

Senator Padden: "Would Senator Warnick yield to a question? Thank you Senator Warnick. For the purpose of establishing legislative intent does the bill Substitute Senate Bill No. 5965 apply to areas of this state that are not affected by the Skagit river basin instream flow rule such as the Spokane River basin?".

Senator Warnick: "Yes, the bill covers all areas of the state and therefore includes the Spokane River basin. The bill requires ecology to produce a report evaluating options for mitigating the effects of permit exempt ground water withdrawals on minimum instream flows without geographic limit. Among other requirements the report prepared by ecology must include the location of the mitigation technique the department has employed in the last ten years."

Senator McCoy spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute Senate Bill No. 5965.

ROLL CALL

The Secretary called the roll on the final passage of Substitute Senate Bill No. 5965 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Excused: Senator Frockt

SUBSTITUTE SENATE BILL NO. 5965, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

At 7:11 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 7:28 p.m. by President Owen.

SECOND READING

SENATE BILL NO. 5379, by Senators Hobbs, Kohl-Welles, Rivers, Hatfield, McAuliffe, Chase, Keiser and Jayapal

Adding posttraumatic stress disorder to the terminal or debilitating medical conditions that qualify for the medical use of marijuana.

The measure was read the second time.

MOTION

On motion of Senator Hobbs, the rules were suspended, Senate Bill No. 5379 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Hobbs, Becker, Kohl-Welles and Dansel spoke in favor of passage of the bill.

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The President declared the question before the Senate to be the final passage of Senate Bill No. 5379.

ROLL CALL

The Secretary called the roll on the final passage of Senate Bill No. 5379 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Excused: Senator Frockt

SENATE BILL NO. 5379, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5037, by Senators O'Ban and Sheldon

Modifying organized retail theft provisions.

MOTIONS

On motion of Senator O'Ban, Substitute Senate Bill No. 5037 was substituted for Senate Bill No. 5037 and the substitute bill was placed on the second reading and read the second time.

On motion of Senator O'Ban, the rules were suspended, Substitute Senate Bill No. 5037 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator O'Ban spoke in favor of passage of the bill.

Senator Pedersen spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute Senate Bill No. 5037.

ROLL CALL

The Secretary called the roll on the final passage of Substitute Senate Bill No. 5037 and the bill passed the Senate by the following vote: Yeas, 29; Nays, 19; Absent, 0; Excused, 1.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Braun, Brown, Conway, Dammeier, Dansel, Ericksen, Fain, Hewitt, Hill, Hobbs, Honeyford, King, Litzow, Miloscia, O'Ban, Padden, Parlette, Pearson, Rivers, Roach, Rolfes, Schoesler, Sheldon and Warnick

Voting nay: Senators Billig, Chase, Cleveland, Darneille, Fraser, Habib, Hargrove, Hasegawa, Hatfield, Jayapal, Keiser, Kohl-Welles, Liias, McAuliffe, McCoy, Mullet, Nelson, Pedersen and Ranker

Excused: Senator Frockt

SUBSTITUTE SENATE BILL NO. 5037, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5226, by Senators Becker, Braun, Warnick, Dammeier and Benton

Protecting public sector workers' rights through public disclosure of public sector unions' finances.

The measure was read the second time.

MOTION

Senator Hasegawa moved that the following amendment by Senator Hasegawa be adopted:

On page 5, after line 27, insert:

"NEW SECTION. **Sec. 10.** If specific funding for purposes of this act is not provided by June 30, 2015, in the omnibus operating appropriations act, this act is null and void."

Renumber the remaining sections consecutively and correct any internal references accordingly.

Senator Hasegawa spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Hasegawa on page 5, after line 27 to Senate Bill No. 5226.

The motion by Senator Hasegawa carried and the amendment was adopted by voice vote.

MOTION

Senator Kohl-Welles moved that the following striking amendment by Senator Kohl-Welles be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** A new section is added to chapter 47.64 RCW to read as follows:

Each ferry employee organization must make copies of the organization's financial reports available to any dues-paying members upon request.

NEW SECTION. **Sec. 2.** A new section is added to chapter 28B.52 RCW to read as follows:

Each exclusive bargaining representative must make copies of the organization's financial reports available to any dues-paying members upon request.

NEW SECTION. **Sec. 3.** A new section is added to chapter 41.56 RCW to read as follows:

Each bargaining representative must make copies of the organization's financial reports available to any dues-paying members upon request.

NEW SECTION. **Sec. 4.** A new section is added to chapter 41.59 RCW to read as follows:

Each exclusive bargaining representative must make copies of the organization's financial reports available to any dues-paying members upon request.

NEW SECTION. **Sec. 5.** A new section is added to chapter 41.76 RCW to read as follows:

Each exclusive bargaining representative must make copies of the organization's financial reports available to any dues-paying members upon request.

NEW SECTION. **Sec. 6.** A new section is added to chapter 41.80 RCW to read as follows:

Each exclusive bargaining representative must make copies of the organization's financial reports available to any dues-paying members upon request.

NEW SECTION. **Sec. 7.** A new section is added to chapter 49.39 RCW to read as follows:

Each bargaining representative must make copies of the organization's financial reports available to any dues-paying members upon request

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On page 1, line 1 of the title, strike everything after "workers' rights" and insert "through disclosure of public sector unions' finances; adding a new section to chapter 47.64 RCW; adding a new section to chapter 28B.52 RCW; adding a new section to chapter 41.56 RCW; adding a new section to chapter 41.59 RCW; adding a new section to chapter 41.76 RCW; adding a new section to chapter 41.80 RCW; and adding a new section to chapter 49.39 RCW."

Senators Kohl-Welles and Keiser spoke in favor of adoption of the striking amendment.

Senator Becker spoke against adoption of the striking amendment.

The President declared the question before the Senate to be the adoption of the striking amendment by Senator Kohl-Welles to Senate Bill No. 5226.

The motion by Senator Kohl-Welles failed and the striking amendment was not adopted by voice vote.

MOTION

On motion of Senator Becker, the rules were suspended, Engrossed Senate Bill No. 5226 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Becker, Baumgartner and King spoke in favor of passage of the bill.

Senators Hasegawa, Conway, Chase, Keiser and Nelson spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 5226.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 5226 and the bill passed the Senate by the following vote: Yeas, 26; Nays, 22; Absent, 0; Excused, 1.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Braun, Brown, Dammeier, Dansel, Ericksen, Fain, Hargrove, Hewitt, Hill, Honeyford, King, Litzow, Miloscia, O'Ban, Padden, Parlette, Pearson, Rivers, Schoesler, Sheldon and Warnick

Voting nay: Senators Billig, Chase, Cleveland, Conway, Darneille, Fraser, Habib, Hasegawa, Hatfield, Hobbs, Jayapal, Keiser, Kohl-Welles, Liias, McAuliffe, McCoy, Mullet, Nelson, Pedersen, Ranker, Roach and Rolfes

Excused: Senator Frockt

ENGROSSED SENATE BILL NO. 5226, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5899, by Senators Liias, Keiser, Ranker, Angel, Hobbs, Sheldon, Fain, Rivers, Roach, King, Ericksen and Honeyford

Addressing small loans and small consumer installment loans.

MOTION

On motion of Senator Liias, Substitute Senate Bill No. 5899 was substituted for Senate Bill No. 5899 and the substitute bill was placed on the second reading and read the second time.

MOTION

Senator Jayapal moved that the following amendment by Senator Jayapal be adopted:

On page 19, beginning on line 19, after "stub," strike everything through "benefits," on line 20

Senators Jayapal, Nelson and Chase spoke in favor of adoption of the amendment.

Senators Liias and Benton spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Jayapal on page 19, line 19 to Substitute Senate Bill No. 5899.

The motion by Senator Jayapal failed and the amendment was not adopted by voice vote.

MOTION

Senator Nelson moved that the following amendment by Senator Nelson be adopted:

On page 19, beginning on line 32, strike all of subsection (11)

Renumber the remaining subsections consecutively and correct any internal references accordingly.

Beginning on page 29, line 30, strike all of section 34

Renumber the remaining sections consecutively and correct any internal references accordingly.

Senators Nelson and Jayapal spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

POINT OF ORDER

Senator Benton: "Thank you Mr. President. I ask that the previous speaker please reserve her comments to the amendment that we are discussing and not the characteristics whether they be good or bad of the underlying bill or pay day lending in general or reports that's been put out.by payday on payday lending. We are talking about an amendment to add or not add military borrowers to this bill."

REPLY BY THE PRESIDENT

President Owen: "The President believes she's making the point on why or why not to do that. Senator Benton, your point is not well taken. Senator Jayapal please continue. If you're going to read you must be brief.""

Senators Chase and Habib spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Nelson on page 19, line 32 to Substitute Senate Bill No. 5899.

The motion by Senator Nelson failed and the amendment was not adopted by voice vote.

MOTION

Senator Mullet moved that the following amendment by Senator Mullet be adopted:

draft

On page 23, line 20, after "annum," strike "exclusive" and insert "inclusive"

On page 24, line 1, after "amount," strike "exclusive" and insert "inclusive"

Senators Mullet, Nelson, McCoy, Jayapal and Habib spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Mullet on page 23, line 20 to Substitute Senate Bill No. 5899.

The motion by Senator Mullet failed and the amendment was not adopted by voice vote.

MOTION

Senator Mullet moved that the following amendment by Senator Mullet be adopted:

On page 23, line 22, after "exceed" strike "one thousand" and insert "seven hundred"

On page 29, line 9, after "exceed" strike "one thousand" and insert "seven hundred"

WITHDRAWAL OF AMENDMENT

On motion of Senator Mullet, the amendment by Senator Mullet on page 23, line 22 to Substitute Senate Bill No. 5899 was withdrawn.

MOTION

Senator Nelson moved that the following amendment by Senator Nelson be adopted:

On page 23, beginning on line 23, after "(3)" insert "A borrower is prohibited from receiving more than eight small consumer installment loans from all licensees in any twelve-month period. A licensee is prohibited from making a small consumer installment loan to a borrower if making that small loan would result in a borrower receiving more than eight small consumer installment loans from all licensees in any twelve-month period;

(4)"

Renumber the remaining subsections consecutively and correct any internal references accordingly.

WITHDRAWAL OF AMENDMENT

On motion of Senator Nelson, the amendment by Senator Nelson on page 23, line 23 to Substitute Senate Bill No. 5899 was withdrawn.

MOTION

Senator Mullet moved that the following amendment by Senator Mullet be adopted:

On page 23, line 27, after "than" strike "three hundred sixty-six" and insert "ninety"

Senators Mullet, Nelson and McCoy spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Mullet on page 23, line 27 to Substitute Senate Bill No. 5899.

The motion by Senator Mullet failed and the amendment was not adopted by voice vote.

MOTION

Senator Nelson moved that the following amendment by Senator Nelson be adopted:

On page 24, beginning on line 3, strike all of subsection (2)

Renumber the remaining subsections consecutively and correct any internal references accordingly.

On page 24, beginning on line 33, strike all of subsection (5)

Renumber the remaining subsections consecutively and correct any internal references accordingly.

On page 25, beginning on line 7, after "more" strike all material through "Charge" on line 8 and insert "charge"

On page 25, beginning on line 9, after "loan;" strike all material through "date;" on line 14

Correct any internal references accordingly.

Senators Nelson, Jayapal and Chase spoke in favor of adoption of the amendment.

Senators Liias and Benton spoke against adoption of the amendment.

POINT OF ORDER

Senator Billig: "I believe that the gentleman has strayed from the topic of the amendment."

REMARKS BY THE PRESIDENT

President Owen: "Senator Benton, now you're getting beyond the amendment."

POINT OF ORDER

Senator Billig: "Mr. President, the purpose of the amendment if I may read from the affect statement."

Senator Darneille spoke on the adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Nelson on page 24, line 3 to Substitute Senate Bill No. 5899.

The motion by Senator Nelson failed and the amendment was not adopted by voice vote.

MOTION

Senator Nelson moved that the following amendment by Senator Nelson be adopted:

On page 24, line 4, after "exceed" strike "fifteen" and insert "five"

Senator Nelson spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Nelson on page 24, line 4 to Substitute Senate Bill No. 5899.

The motion by Senator Nelson failed and the amendment was not adopted by voice vote.

MOTION

Senator Mullet moved that the following amendment by Senator Mullet be adopted:

On page 24, beginning on line 12, strike all of subsection (3)

Renumber the remaining subsections consecutively and correct any internal references accordingly.

draft

On page 24, beginning on line 33, strike all of subsection (5)

Renumber the remaining subsections consecutively and correct any internal references accordingly.

On page 25, beginning on line 7, after "more" strike all material through "Charge" on line 8 and insert "charge"

On page 25, beginning on line 9, after "loan;" strike all material through "date;" on line 14

Correct any internal references accordingly.

On page 40, line 12, after "in" strike all material through "of"

On page 40, beginning on line 13, after "act" strike all material through "act" on line 14

Senators Mullet, Jayapal, Chase, McCoy, Nelson and Hargrove spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Mullet on page 24, line 12 to Substitute Senate Bill No. 5899.

The motion by Senator Mullet failed and the amendment was not adopted by voice vote.

MOTION

Senator Jayapal moved that the following amendment by Senator Jayapal be adopted:

On page 24, line 17, after "is" strike "not"

On page 24, line 18, after "refund" insert "during any month the loan is paid off in full"

Senators Jayapal and Chase spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Jayapal on page 24, line 17 to Substitute Senate Bill No. 5899.

The motion by Senator Jayapal failed and the amendment was not adopted by voice vote.

MOTION

Senator Mullet moved that the following amendment by Senator Mullet be adopted:

On page 24, line 19, after "to" strike "sixty" and insert "ten"

WITHDRAWAL OF AMENDMENT

On motion of Senator Mullet, the amendment by Senator Mullet on page 24, line 19 to Substitute Senate Bill No. 5889 was withdrawn.

MOTION

Senator Jayapal moved that the following amendment by Senator Jayapal be adopted:

On page 24, line 38, after "(6)" insert "(a)"

On page 25, after line 5, insert the following:

"(b) If the amount of the small consumer installment loan at any time exceeds thirty percent of the borrower's new, documented income information, the additional amount that exceeds the income level must be automatically converted into a new small consumer installment loan. The new small consumer installment loan must be no less than one hundred eighty days in length and is not subject to any new additional interest, fees, charges, or penalties;"

Senators Jayapal, Nelson and Chase spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Jayapal on page 24, line 38 to Substitute Senate Bill No. 5899.

The motion by Senator Jayapal failed and the amendment was not adopted by voice vote.

MOTION

Senator Nelson moved that the following amendment by Senator Nelson be adopted:

On page 25, line 2, after "every" strike "one hundred eighty" and insert "thirty"

On page 25, line 3, after "than" strike "forty-five" and insert "thirty"

On page 25, line 4, after "than" strike "one hundred eighty" and insert "thirty"

Senator Nelson spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Nelson on page 25, line 2 to Substitute Senate Bill No. 5889.

The motion by Senator Nelson failed and the amendment was not adopted by voice vote.

MOTION

Senator Jayapal moved that the following amendment by Senator Jayapal be adopted:

On page 25, at the beginning of line 7, strike "ten" and insert "fifteen days, unless the borrower is paid monthly, and then thirty"

Senators Jayapal and Liias spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Jayapal on page 25, line 7 to Substitute Senate Bill No. 5899.

The motion by Senator Jayapal carried and the amendment was adopted by voice vote.

MOTION

Senator Nelson moved that the following amendment by Senator Nelson be adopted:

On page 25, line 10, after "(b)" strike "Declare" and insert "In the event that any scheduled payment is delinquent ninety days or more, declare"

Senators Nelson and Chase spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Nelson on page 25, line 10 to Substitute Senate Bill No. 5889.

The motion by Senator Nelson failed and the amendment was not adopted by voice vote.

MOTION

Senator Nelson moved that the following amendment by Senator Nelson be adopted:

draft

On page 26, line 30, after "subchapter" insert "and provided to every consumer prior to the consumer entering into a verbal or written agreement to borrow a small consumer installment loan"

Senators Nelson and Chase spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Nelson on page 26, line 30 to Substitute Senate Bill No. 5899.

The motion by Senator Nelson failed and the amendment was not adopted by voice vote.

MOTION

Senator Jayapal moved that the following amendment by Senator Jayapal be adopted:

On page 27, line 3, after "borrower" strike "may" and insert "has seventy-two hours to"

On page 27, line 4, after "loan," strike all material through "business" on line 5

Senators Jayapal and Nelson spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Jayapal on page 27, line 3 to Substitute Senate Bill No. 5899.

The motion by Senator Jayapal failed and the amendment was not adopted by voice vote.

MOTION

Senator Jayapal moved that the following amendment by Senator Jayapal be adopted:

On page 31, line 2, after "date" insert "of acceptance"

Senators Jayapal and McCoy spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Jayapal on page 31, line 2 to Substitute Senate Bill No. 5889.

The motion by Senator Jayapal failed and the amendment was not adopted by voice vote.

MOTION

Senator Nelson moved that the following amendment by Senator Nelson be adopted:

On page 31, line 5, after "than" strike "twenty" and insert "five"

Senators Nelson and Chase spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Nelson on page 31, line 5 to Substitute Senate Bill No. 5899.

The motion by Senator Nelson failed and the amendment was not adopted by voice vote.

MOTION

Senator Nelson moved that the following amendment by Senator Nelson be adopted:

On page 40, beginning on line 11, strike all of section 51

Renumber the remaining sections consecutively and correct any internal references accordingly.

Senators Nelson and Liias spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Nelson on page 32, line 24 to Substitute Senate Bill No. 5899.

The motion by Senator Nelson carried and the amendment was adopted by voice vote.

MOTION

Senator Jayapal moved that the following amendment by Senator Jayapal be adopted:

On page 40, beginning on line 11, strike all of section 51

Renumber the remaining sections consecutively and correct any internal references accordingly.

Senators Jayapal and Liias spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Jayapal on page 40, line 11 to Substitute Senate Bill No. 5899.

The motion by Senator Jayapal carried and the amendment was adopted by voice vote.

MOTION

Senator Nelson moved that the following amendment by Senator Nelson be adopted:

On page 41, after line 28, insert the following:

"NEW SECTION. **Sec. 56.** The Washington state institute for public policy shall conduct a study and report to the appropriate committees of the legislature by December 1, 2015, on the impact small consumer installment loans have on the economic stability of families in Washington. The study must address:

(1) How expanding small consumer installment loans into economically vulnerable communities impact the ability of community members to succeed;

(2) The rate at which communities of color utilize small consumer installment loans;

(3) How small consumer installment loans impact the cycle of poverty in the communities where the loans are available;

(4) The rate at which small consumer installment loans are repaid within the time frame provided in the loan agreement; and

(5) The geographic breakdown of the availability of small consumer installment loans."

Renumber the remaining sections consecutively and correct any internal references accordingly.

Senator Nelson spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of the amendment by Senator Nelson on page 41, line 28 to Substitute Senate Bill No. 5899.

The motion by Senator Nelson failed and the amendment was not adopted by voice vote.

MOTION

Senator Liias moved that the following striking amendment by Senator Liias be adopted:

draft

Strike everything after the enacting clause and insert the following:

"CHECK CASHERS AND SELLERS

Sec. 1. RCW 31.45.010 and 2012 c 17 s 7 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this ((~~chapter~~)) subchapter.

(1) "Applicant" means a person that files an application for a license under this ((~~chapter~~)) subchapter, including the applicant's sole proprietor, owners, directors, officers, partners, members, and controlling persons.

(2) ((~~"Borrower" means a natural person who receives a small loan.~~

~~(3) "Business day" means any day that the licensee is open for business in at least one physical location.~~

~~(4)~~)) "Check" means the same as defined in RCW 62A.3-104(f) and, for purposes of conducting the business of making small loans, includes other electronic forms of payment, including stored value cards, internet transfers, and automated clearinghouse transactions.

((~~(5)~~)) (3) "Check casher" means an individual, partnership, unincorporated association, or corporation that, for compensation, engages, in whole or in part, in the business of cashing checks, drafts, money orders, or other commercial paper serving the same purpose.

((~~(6)~~)) (4) "Check seller" means an individual, partnership, unincorporated association, or corporation that, for compensation, engages, in whole or in part, in the business of or selling checks, drafts, money orders, or other commercial paper serving the same purpose.

((~~(7) "Collateral" means the same as defined in chapter 62A.9A RCW.~~

~~(8)~~)) (5) "Controlling person" means a person owning or controlling ten percent or more of the total outstanding shares of the applicant or licensee, if the applicant or licensee is a corporation, and a member who owns ten percent or more of a limited liability company or limited liability partnership.

((~~(9) "Default" means the borrower's failure to repay the small loan in compliance with the terms contained in the small loan agreement or note or failure to pay any installment plan payment on an installment plan within ten days after the date upon which the installment was scheduled to be paid.~~

~~(10)~~)) (6) "Department" means the department of financial institutions.

(7) "Director" means the director of ((~~financial institutions~~)) the department.

((~~(11)~~)) (8) "Financial institution" means a commercial bank, savings bank, savings and loan association, or credit union.

((~~(12) "Installment plan" is a contract between a licensee and borrower that provides that the loaned amount will be repaid in substantially equal installments scheduled on or after a borrower's pay dates and no less than fourteen days apart.~~

~~(13)~~)) (9) "Licensee" means a check casher or seller licensed by the director to engage in business in accordance with this ((~~chapter~~)) subchapter. "Licensee" also means a check casher or seller, whether located within or outside of this state, who fails to obtain the license ((~~or small loan endorsement~~)) required by this ((~~chapter~~)) subchapter.

((~~(14) "Loaned amount" means the outstanding principal balance and any fees authorized under RCW 31.45.073 that have not been paid by the borrower.~~

~~(15) "Origination date" means the date upon which the borrower and the licensee initiate a small loan transaction.~~

~~(16) "Outstanding principal balance" of a small loan means any of the principal amount that has not been paid by the borrower.~~

~~(17) "Paid" means that moment in time when the licensee deposits the borrower's check or accepts cash for the full amount owing on a valid small loan. If the borrower's check is returned by the borrower's bank for any reason, the licensee shall not consider the loan paid.~~

~~(18)~~)) (10) "Person" means an individual, partnership, association, limited liability company, limited liability partnership, trust, corporation, and any other legal entity.

((~~(19)~~)) (11) "Principal" means the loan proceeds advanced for the benefit of the borrower in a small loan, excluding any fee or interest charge.

((~~(20) "Rescission" means annulling the loan contract and, with respect to the small loan contract, returning the borrower and the licensee to their financial condition prior to the origination date of the loan.~~

~~(21)~~)) (12) "Small loan" means a loan of up to the maximum amount and for a period of time up to the maximum term specified in RCW 31.45.073.

((~~(22) "Termination date" means the date upon which payment for the small loan transaction is due or paid to the licensee, whichever occurs first.~~

~~(23) "Total of payments" means the principal amount of the small loan plus all fees or interest charged on the loan.~~

~~(24) "Trade secret" means the same as defined in RCW 19.108.010.~~))

Sec. 2. RCW 31.45.020 and 2003 c 86 s 2 are each amended to read as follows:

(1) This ((~~chapter~~)) subchapter does not apply to:

(a) Any financial institution or trust company authorized to do business in Washington;

(b) The cashing of checks, drafts, or money orders by any person who cashes checks, drafts, or money orders as a convenience, as a minor part of its customary business, and not for profit;

(c) The issuance or sale of checks, drafts, or money orders by any corporation, partnership, or association that has a net worth of not less than three million dollars as shown by audited financial statements; and

(d) The issuance or sale of checks, drafts, money orders, or other commercial paper serving the same purpose by any agent of a corporation, partnership, or association described in (c) of this subsection.

(2) Upon application to the director, the director may exempt a person from any or all provisions of this ((~~chapter~~)) subchapter upon a finding by the director that although not otherwise exempt under this section, the applicant is not primarily engaged in the business of cashing or selling checks and a total or partial exemption would not be detrimental to the public.

Sec. 3. RCW 31.45.030 and 2005 c 274 s 255 are each amended to read as follows:

(1) Except as provided in RCW 31.45.020, no check casher or seller may engage in business without first obtaining a license from the director in accordance with this ((~~chapter~~)) subchapter. A license is required for each location where a licensee engages in the business of cashing or selling checks or drafts.

(2) Each application for a license shall be in writing in a form prescribed by the director and shall contain the following information:

(a) The legal name, residence, and business address of the applicant and, if the applicant is a partnership, association, or corporation, of every member, officer, and director thereof;

draft

(b) The location where the initial registered office of the applicant will be located in this state;

(c) The complete address of any other locations at which the applicant proposes to engage in business as a check casher or seller; and

(d) Such other data, financial statements, and pertinent information as the director may require with respect to the applicant, its directors, trustees, officers, members, or agents.

(3) Any information in the application regarding the personal residential address or telephone number of the applicant, and any trade secret as defined in RCW 19.108.010 including any financial statement that is a trade secret, is exempt from the public records disclosure requirements of chapter 42.56 RCW.

(4) The application shall be filed together with an investigation and supervision fee established by rule by the director. Such fees collected shall be deposited to the credit of the financial services regulation fund in accordance with RCW 43.320.110.

(5)(a) Before granting a license to sell checks, drafts, or money orders under this ((~~chapter~~)) subchapter, the director shall require that the licensee file with the director a surety bond running to the state of Washington, which bond shall be issued by a surety insurer which meets the requirements of chapter 48.28 RCW, and be in a format acceptable to the director. The director shall adopt rules to determine the penal sum of the bond that shall be filed by each licensee. The bond shall be conditioned upon the licensee paying all persons who purchase checks, drafts, or money orders from the licensee the face value of any check, draft, or money order which is dishonored by the drawee bank, savings bank, or savings and loan association due to insufficient funds or by reason of the account having been closed. The bond shall only be liable for the face value of the dishonored check, draft, or money order, and shall not be liable for any interest or consequential damages.

(b) ((~~Before granting a small loan endorsement under this chapter, the director shall require that the licensee file with the director a surety bond, in a format acceptable to the director, issued by a surety insurer that meets the requirements of chapter 48.28 RCW. The director shall adopt rules to determine the penal sum of the bond that shall be filed by each licensee. A licensee who wishes to engage in both check selling and making small loans may combine the penal sums of the bonding requirements and file one bond in a form acceptable to the director. The bond shall run to the state of Washington as obligee, and shall run to the benefit of the state and any person or persons who suffer loss by reason of the licensee's violation of this chapter or any rules adopted under this chapter. The bond shall only be liable for damages suffered by borrowers as a result of the licensee's violation of this chapter or rules adopted under this chapter, and shall not be liable for any interest or consequential damages.~~

~~(c)~~)) The bond shall be continuous and may be canceled by the surety upon the surety giving written notice to the director and licensee of its intent to cancel the bond. The cancellation is effective thirty days after the notice is received by the director. Whether or not the bond is renewed, continued, reinstated, reissued, or otherwise extended, replaced, or modified, including increases or decreases in the penal sum, it shall be considered one continuous obligation, and the surety upon the bond shall not be liable in an aggregate or cumulative amount exceeding the penal sum set forth on the face of the bond. In no event shall the penal sum, or any portion thereof, at two or more points in time be added together in determining the surety's liability. The bond shall not be liable for any liability of the licensee for tortious acts, whether or not such liability is imposed by statute or common law, or is imposed by contract. The bond shall not be a substitute or supplement to any liability or other insurance required by law or by the contract. If the surety desires to make payment without awaiting court action against it, the penal sum of the bond shall be reduced to the extent of any payment made by the surety in good faith under the bond.

((~~(d)~~)) (c) Any person who is a purchaser of a check, draft, or money order from the licensee having a claim against the licensee for the dishonor of any check, draft, or money order by the drawee bank, savings bank, or savings and loan association due to insufficient funds or by reason of the account having been closed, or who obtained a small loan from the licensee and was damaged by the licensee's violation of this ((~~chapter~~)) subchapter or rules adopted under this ((~~chapter~~)) subchapter, may bring suit upon such bond or deposit in the superior court of the county in which the check, draft, or money order was purchased, or in the superior court of a county in which the licensee maintains a place of business. Jurisdiction shall be exclusively in the superior court. Any such action must be brought not later than one year after the dishonor of the check, draft, or money order on which the claim is based. In the event valid claims against a bond or deposit exceed the amount of the bond or deposit, each claimant shall only be entitled to a pro rata amount, based on the amount of the claim as it is valid against the bond, or deposit, without regard to the date of filing of any claim or action.

((~~(e)~~)) (d) In lieu of the surety bond required by this section, the applicant for a check seller license may file with the director a deposit consisting of cash or other security acceptable to the director in an amount equal to the penal sum of the required bond. ((~~In lieu of the surety bond required by this section, the applicant for a small loan endorsement may file with the director a deposit consisting of cash or other security acceptable to the director in an amount equal to the penal sum of the required bond, or may demonstrate to the director net worth in excess of three times the amount of the penal sum of the required bond.~~))

The director may adopt rules necessary for the proper administration of the security or to establish reporting requirements to ensure that the net worth requirements continue to be met. A deposit given instead of the bond required by this section is not an asset of the licensee for the purpose of complying with the liquid asset provisions of this ((~~chapter~~)) subchapter. A deposit given instead of the bond required by this section is a fund held in trust for the benefit of eligible claimants under this section and is not an asset of the estate of any licensee that seeks protection voluntarily or involuntarily under the bankruptcy laws of the United States.

((~~(f)~~)) (e) Such security may be sold by the director at public auction if it becomes necessary to satisfy the requirements of this ((~~chapter~~)) subchapter. Notice of the sale shall be served upon the licensee who placed the security personally or by mail. If notice is served by mail, service shall be addressed to the licensee at its address as it appears in the records of the director. Bearer bonds of the United States or the state of Washington without a prevailing market price must be sold at public auction. Such bonds having a prevailing market price may be sold at private sale not lower than the prevailing market price. Upon any sale, any surplus above amounts due shall be returned to the licensee, and the licensee shall deposit with the director additional security sufficient to meet the amount required by the director. A deposit given instead of the bond required by this section shall not be deemed an asset of the licensee for the purpose of complying with the liquid asset provisions of this ((~~chapter~~)) subchapter.

Sec. 4. RCW 31.45.040 and 2003 c 86 s 4 are each amended to read as follows:

(1) The director shall conduct an investigation of every applicant to determine the financial responsibility, experience, character, and general fitness of the applicant. The director shall issue the applicant a license to engage in the business of cashing

or selling checks, or both, ((~~or a small loan endorsement,~~)) if the director determines to his or her satisfaction that:

(a) The applicant has satisfied the requirements of RCW 31.45.030;

(b) The applicant is financially responsible and appears to be able to conduct the business of cashing or selling checks ((~~or making small loans~~)) in an honest, fair, and efficient manner with the confidence and trust of the community; and

(c) The applicant has the required bonds, or has provided an acceptable alternative form of financial security.

(2) The director may refuse to issue a license ((~~or small loan endorsement~~)) if he or she finds that the applicant, or any person who is a director, officer, partner, agent, sole proprietor, owner, or controlling person of the applicant, has been convicted of a felony in any jurisdiction within seven years of filing the present application or is associating or consorting with any person who has been convicted of a felony in any jurisdiction within seven years of filing the present application. The term "substantial stockholder" as used in this subsection, means a person owning or controlling ten percent or more of the total outstanding shares of the applicant corporation.

(3) A license ((~~or small loan endorsement~~)) may not be issued to an applicant:

(a) Whose license to conduct business under this ((~~chapter~~)) subchapter, or any similar statute in any other jurisdiction, has been suspended or revoked within five years of the filing of the present application;

(b) Who has been banned from the industry by an administrative order issued by the director or the director's designee, for the period specified in the administrative order; or

(c) When any person who is a sole proprietor, owner, director, officer, partner, agent, or controlling person of the applicant has been banned from the industry in an administrative order issued by the director, for the period specified in the administrative order.

(4) A license ((~~or small loan endorsement~~)) issued under this ((~~chapter~~)) subchapter shall be conspicuously posted in the place of business of the licensee. The license is not transferable or assignable.

(5) A license ((~~or small loan endorsement~~)) issued in accordance with this ((~~chapter~~)) subchapter remains in force and effect until surrendered, suspended, or revoked, or until the license expires as a result of nonpayment of the annual assessment fee.

Sec. 5. RCW 31.45.050 and 2003 c 86 s 5 are each amended to read as follows:

(1) Each applicant and licensee shall pay to the director an investigation or examination fee as established in rule and an annual assessment fee for the coming year in an amount determined by rule as necessary to cover the operation of the program. The annual assessment fee is due upon the annual assessment fee due date as established in rule. Nonpayment of the annual assessment fee may result in expiration of the license as provided in subsection (2) of this section. In establishing the fees, the director shall differentiate between check cashing and check selling ((~~and making small loans,~~)) and consider at least the volume of business, level of risk, and potential harm to the public related to each activity. The fees collected shall be deposited to the credit of the financial services regulation fund in accordance with RCW 43.320.110.

(2) If a licensee does not pay its annual assessment fee by the annual assessment fee due date as specified in rule, the director or the director's designee shall send the licensee a notice of suspension and assess the licensee a late fee not to exceed twenty-five percent of the annual assessment fee as established in rule by the director. The licensee's payment of both the annual assessment fee and the late fee must arrive in the department's offices by 5:00 p.m. on the tenth day after the annual assessment fee due date, unless the department is not open for business on that date, in which case the licensee's payment of both the annual assessment fee and the late fee must arrive in the department's offices by 5:00 p.m. on the next occurring day that the department is open for business. If the payment of both the annual assessment fee and the late fee does not arrive prior to such time and date, then the expiration of the licensee's license is effective at 5:00 p.m. on the thirtieth day after the assessment fee due date. The director or the director's designee may reinstate the license if, within twenty days after the effective date of expiration, the licensee:

(a) Pays both the annual assessment fee and the late fee; and

(b) Attests under penalty of perjury that it did not engage in conduct requiring a license under this ((~~chapter~~)) subchapter during the period its license was expired, as confirmed by an investigation by the director or the director's designee.

(3) If a licensee intends to do business at a new location, to close an existing place of business, or to relocate an existing place of business, the licensee shall provide written notification of that intention to the director no less than thirty days before the proposed establishing, closing, or moving of a place of business.

Sec. 6. RCW 31.45.060 and 2003 c 86 s 6 are each amended to read as follows:

(1) A schedule of the fees and the charges for the cashing and selling of checks, drafts, money orders, or other commercial paper serving the same purpose shall be conspicuously and continuously posted in every location licensed under this ((~~chapter~~)) subchapter. The licensee shall provide to its customer a receipt for each transaction. The receipt must include the name of the licensee, the type and amount of the transaction, and the fee or fees charged for the transaction.

(2) Each licensee shall keep and maintain such business books, accounts, and records as the director may require to fulfill the purposes of this ((~~chapter~~)) subchapter. Every licensee shall preserve such books, accounts, and records as required in rule by the director for at least two years from the completion of the transaction. Records may be maintained on an electronic, magnetic, optical, or other storage media. However, the licensee must maintain the necessary technology to permit access to the records by the department for the period required under this ((~~chapter~~)) subchapter.

(3) A check, draft, or money order sold by a licensee shall be drawn on an account of a licensee maintained in a federally insured financial institution authorized to do business in the state of Washington.

Sec. 7. RCW 31.45.070 and 2012 c 17 s 9 are each amended to read as follows:

(1) No licensee may engage in a loan business; the negotiation of loans; or the discounting of notes, bills of exchange, checks, or other evidences of debt in the same premises where a check cashing or selling business is conducted, unless the licensee:

(a) Is conducting the activities of pawnbroker as defined in RCW 19.60.010;

(b) Is a properly licensed consumer loan company under chapter 31.04 RCW; or

(c) Is conducting other lending activity permitted in the state of Washington((~~; or~~

~~(d) Has a small loan endorsement issued under this chapter~~)).

(2) Except as otherwise permitted in this ((~~chapter~~)) subchapter, no licensee may at any time cash or advance any moneys on a postdated check or draft. However, a licensee may

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cash a check payable on the first banking day following the date of cashing if:

(a) The check is drawn by the United States, the state of Washington, or any political subdivision of the state, or by any department or agency of the state or its subdivisions; or

(b) The check is a payroll check drawn by an employer to the order of its employee in payment for services performed by the employee.

(3) Except as otherwise permitted in this ((~~chapter~~)) subchapter, no licensee may agree to hold a check or draft for later deposit. A licensee must deposit all checks and drafts cashed by the licensee as soon as practicable.

(4) No licensee may issue or cause to be issued any check, draft, or money order, or other commercial paper serving the same purpose, that is drawn upon the trust account of a licensee without concurrently receiving the full principal amount, in cash, or by check, draft, or money order from a third party believed to be valid.

(5) Each licensee shall comply with all applicable state and federal statutes relating to the activities governed by this ((~~chapter~~)) subchapter.

Sec. 8. RCW 31.45.090 and 2005 c 274 s 257 are each amended to read as follows:

(1) Each licensee shall submit to the director, in a form approved by the director, a report containing financial statements covering the calendar year or, if the licensee has an established fiscal year, then for such fiscal year, within one hundred five days after the close of each calendar or fiscal year. The licensee shall also file such additional relevant information as the director may require. Any information provided by a licensee in an annual report that constitutes a trade secret under chapter 19.108 RCW is exempt from disclosure under chapter 42.56 RCW, unless aggregated with information supplied by other licensees in such a manner that the licensee's individual information is not identifiable. Any information provided by the licensee that allows identification of the licensee may only be used for purposes reasonably related to the regulation of licensees to ensure compliance with this ((~~chapter~~)) subchapter.

(2) A licensee whose license has been suspended or revoked shall submit to the director, at the licensee's expense, within one hundred five days after the effective date of such surrender or revocation, a closing audit report containing audited financial statements as of such effective date for the twelve months ending with such effective date.

(3) The director shall adopt rules specifying the form and content of such audit reports and may require additional reporting as is necessary for the director to ensure compliance with this ((~~chapter~~)) subchapter.

Sec. 9. RCW 31.45.100 and 2003 c 86 s 16 are each amended to read as follows:

The director or the director's designee may at any time examine and investigate the business and examine the books, accounts, records, and files, or other information, wherever located, of any licensee or person who the director has reason to believe is engaging in the business governed by this ((~~chapter~~)) subchapter. For these purposes, the director or the director's designee may require the attendance of and examine under oath all persons whose testimony may be required about the business or the subject matter of the investigation. The director or the director's designee may require the production of original books, accounts, records, files, or other information, or may make copies of such original books, accounts, records, files, or other information. The director or the director's designee may issue a subpoena or subpoena duces tecum requiring attendance and testimony, or the production of the books, accounts, records, files, or other information. The director shall collect from the licensee the actual cost of the examination or investigation.

Sec. 10. RCW 31.45.105 and 2012 c 17 s 10 are each amended to read as follows:

(1) It is a violation of this ((~~chapter~~)) subchapter for any person subject to this ((~~chapter~~)) subchapter to:

(a) Directly or indirectly employ any scheme, device, or artifice to defraud or mislead any ((~~borrower, to defraud or mislead any lender, or to defraud or mislead any~~)) person;

(b) Directly or indirectly engage in any unfair or deceptive practice toward any person; and

(c) Directly or indirectly obtain property by fraud or misrepresentation((~~;~~

~~(d) Make a small loan to any person physically located in Washington through use of the internet, facsimile, telephone, kiosk, or other means without first obtaining a small loan endorsement; and~~

~~(e) Sell in a retail installment transaction under chapter 63.14 RCW open loop prepaid access (prepaid access as defined in 31 C.F.R. Part 1010.100(ww) and not closed loop prepaid access as defined in 31 C.F.R. Part 1010.100(kkk))~~)).

(2) It is a violation of this ((~~chapter~~)) subchapter for any person subject to this ((~~chapter~~)) subchapter to:

(a) Advertise, print, display, publish, distribute, or broadcast or cause or permit to be advertised, printed, displayed, published, distributed, or ((~~broadcast [broadcasted]~~)) broadcasted any statement or representation that is false, misleading, or deceptive, or that omits material information;

(b) Fail to pay the annual assessment by the date and time as specified in RCW 31.45.050;

(c) Fail to pay any other fee, assessment, or moneys due the department.

(3) In addition to any other penalties, any transaction in violation of subsection (1) of this section is uncollectible and unenforceable.

Sec. 11. RCW 31.45.110 and 2014 c 36 s 7 are each amended to read as follows:

(1) The director may issue and serve upon a licensee or applicant, or any director, officer, sole proprietor, partner, or controlling person of a licensee or applicant, a statement of charges if, in the opinion of the director, any licensee or applicant, or any director, officer, sole proprietor, partner, or controlling person of a licensee or applicant:

(a) Is engaging or has engaged in an unsafe or unsound financial practice in conducting a business governed by this ((~~chapter~~)) subchapter;

(b) Is violating or has violated this ((~~chapter~~)) subchapter, including violations of:

(i) Any rules, orders, or subpoenas issued by the director under any act;

(ii) Any condition imposed in writing by the director in connection with the granting of any application or other request by the licensee; or

(iii) Any written agreement made with the director;

(c) Is about to do the acts prohibited in (a) or (b) of this subsection when the opinion that the threat exists is based upon reasonable cause;

(d) Obtains a license by means of fraud, misrepresentation, concealment, or through mistake or inadvertence of the director;

(e) Provides false statements or omits material information on an application;

(f) Knowingly or negligently omits material information during or in response to an examination or in connection with an investigation by the director;

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(g) Fails to pay a fee or assessment required by the director or any multistate licensing system prescribed by the director, or fails to maintain the required bond or deposit;

(h) Commits a crime against the laws of any jurisdiction involving moral turpitude, financial misconduct, or dishonest dealings. For the purposes of this section, a certified copy of the final holding of any court, tribunal, agency, or administrative body of competent jurisdiction is conclusive evidence in any hearing under this ((~~chapter~~)) subchapter;

(i) Knowingly commits or is a party to any material fraud, misrepresentation, concealment, conspiracy, collusion, trick, scheme, or device whereby any other person relying upon the word, representation, or conduct acts to his or her injury or damage;

(j) Converts any money or its equivalent to his or her own use or to the use of his or her principal or of any other person;

(k) Fails to disclose any information within his or her knowledge or fails to produce any document, book, or record in his or her possession for inspection by the director upon demand;

(l) Commits any act of fraudulent or dishonest dealing. For the purposes of this section, a certified copy of the final holding of any court, tribunal, agency, or administrative body of competent jurisdiction is conclusive evidence in any hearing under this ((~~chapter~~)) subchapter;

(m) Commits an act or engages in conduct that demonstrates incompetence or untrustworthiness, or is a source of injury and loss to the public;

(n) Violates any applicable state or federal law relating to the activities governed by this ((~~chapter~~)) subchapter.

(2) The statement of charges must be issued under chapter 34.05 RCW. The director or the director's designee may impose the following sanctions against any licensee or applicant, or any directors, officers, sole proprietors, partners, controlling persons, or employees of a licensee or applicant:

(a) Deny, revoke, suspend, or condition a license ((~~or small loan endorsement~~));

(b) Order the licensee or person to cease and desist from practices that violate this ((~~chapter~~)) subchapter or constitute unsafe and unsound financial practices;

(c) Impose a fine not to exceed one hundred dollars per day for each day's violation of this ((~~chapter~~)) subchapter;

(d) Order restitution or refunds to borrowers or other parties for violations of this ((~~chapter~~)) subchapter or take other affirmative action as necessary to comply with this ((~~chapter~~)) subchapter; and

(e) Remove from office or ban from participation in the affairs of any licensee any director, officer, sole proprietor, partner, controlling person, or employee of a licensee.

(3) The proceedings to impose the sanctions described in subsection (2) of this section, including any hearing or appeal of the statement of charges, are governed by chapter 34.05 RCW. The statute of limitations on actions not subject to RCW 4.16.160 that are brought under this ((~~chapter~~)) subchapter by the director is five years.

(4) Unless the licensee or person personally appears at the hearing or is represented by a duly authorized representative, the licensee is deemed to have consented to the statement of charges and the sanctions imposed in the statement of charges.

(5) Except to the extent prohibited by another statute, the director may engage in informal settlement of complaints or enforcement actions including, but not limited to, payment to the department for purposes of financial literacy and education programs authorized under RCW 43.320.150.

Sec. 12. RCW 31.45.150 and 1994 c 92 s 287 are each amended to read as follows:

Whenever as a result of an examination or report it appears to the director that:

(1) The capital of any licensee is impaired;

(2) Any licensee is conducting its business in such an unsafe or unsound manner as to render its further operations hazardous to the public;

(3) Any licensee has suspended payment of its trust obligations;

(4) Any licensee has refused to submit its books, papers, and affairs to the inspection of the director or the director's examiner;

(5) Any officer of any licensee refuses to be examined under oath regarding the business of the licensee;

(6) Any licensee neglects or refuses to comply with any order of the director made pursuant to this ((~~chapter~~)) subchapter unless the enforcement of such order is restrained in a proceeding brought by such licensee;

the director may immediately take possession of the property and business of the licensee and retain possession until the licensee resumes business or its affairs are finally liquidated as provided in RCW 31.45.160. The licensee may resume business upon such terms as the director may prescribe.

Sec. 13. RCW 31.45.180 and 1994 c 92 s 290 are each amended to read as follows:

Any person who violates or participates in the violation of any provision of the rules or orders of the director or of this ((~~chapter~~)) subchapter is guilty of a misdemeanor.

Sec. 14. RCW 31.45.190 and 1991 c 355 s 19 are each amended to read as follows:

The legislature finds and declares that any violation of this ((~~chapter~~)) subchapter substantially affects the public interest and is an unfair and deceptive act or practice and an unfair method of competition in the conduct of trade or commerce as set forth in RCW 19.86.020. Remedies available under chapter 19.86 RCW shall not affect any other remedy the injured party may have.

Sec. 15. RCW 31.45.200 and 1994 c 92 s 291 are each amended to read as follows:

The director has the power, and broad administrative discretion, to administer and interpret the provisions of this ((~~chapter~~)) subchapter to ensure the protection of the public.

NEW SECTION. **Sec. 16.** Subject to section 59 of this act, the following acts or parts of acts are each repealed, effective July 1, 2016, or on and after the effective date of the final rules adopted by the director implementing this act, whichever is later:

(1)RCW 31.45.073 (Making small loans—Endorsement required—Due date—Termination date—Maximum amount—Installment plans—Interest—Fees—Postdated check or draft as security) and 2009 c 510 s 3, 2003 c 86 s 8, & 1995 c 18 s 2;

(2)RCW 31.45.077 (Small loan endorsement—Application—Form—Information—Exemption from disclosure—Fees) and 2005 c 274 s 256, 2003 c 86 s 9, 2001 c 177 s 13, & 1995 c 18 s 3;

(3)RCW 31.45.079 (Making small loans—Agent for a licensee or exempt entity—Federal preemption) and 2003 c 86 s 10;

(4)RCW 31.45.082 (Delinquent small loan—Restrictions on collection by licensee or third party—Definitions) and 2009 c 13 s 1 & 2003 c 86 s 11;

(5)RCW 31.45.084 (Small loan installment plan—Terms—Restrictions) and 2009 c 510 s 4 & 2003 c 86 s 12;

(6)RCW 31.45.085 (Loan application—Required statement—Rules) and 2009 c 510 s 5;

(7)RCW 31.45.086 (Small loans—Right of rescission) and 2003 c 86 s 13;

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(8)RCW 31.45.088 (Small loans—Disclosure requirements—Advertising—Making loan) and 2003 c 86 s 14;

(9)RCW 31.45.093 (Information system—Access—Required information—Fees—Rules) and 2009 c 510 s 6;

(10)RCW 31.45.095 (Report by director—Contents) and 2009 c 510 s 7; and

(11)RCW 31.45.210 (Military borrowers—Licensee's duty—Definition) and 2005 c 256 s 1.

NEW SECTION. **Sec. 17.** A new section is added to chapter 31.45 RCW under the subchapter heading "check cashers and sellers" to read as follows:

(1) Small loans made pursuant to this chapter as it existed before the effective date of this section may no longer be made on and after July 1, 2016, or on and after the effective date of the final rules adopted by the director implementing this act, whichever is later, provided the subchapter "small consumer installment loans" becomes law as it is enacted by the legislature.

(2) Provided subsection (1) of this section becomes law as enacted by the legislature and the director adopts final rules implementing this act, all small loan licensees must surrender their small loan license in accordance with the closure rules adopted by the director and pay any applicable assessments due. Notwithstanding surrender or such closure rules, a small loan licensee may collect a small loan with an outstanding balance. The director has the authority to transition the database for small loans as necessary. The director may adopt rules to implement this section.

(3) This section is only effective provided section 16 of this act becomes law as enacted by the legislature.

(4) The director must provide notice of the effective date of the final rules adopted under this section to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the director.

(5) The director or the director's designee shall take the actions necessary to ensure sections 1 through 18 of this act are implemented.

NEW SECTION. **Sec. 18.** A new section is added to chapter 31.45 RCW under the subchapter heading "check cashers and sellers" to read as follows:

Effective January 1, 2016, the director shall establish, set, and adjust by rule the amount of all fees and charges authorized by this subchapter.

NEW SECTION. **Sec. 19.** RCW 31.45.010 through 31.45.210 constitute the subchapter "check cashers and sellers."

SMALL CONSUMER INSTALLMENT LOANS

NEW SECTION. **Sec. 20.** DEFINITIONS. The definitions in this section apply throughout this subchapter unless the context clearly requires otherwise.

(1) "Authenticate" means the same as defined in RCW 62A.9A-102.

(2) "Borrower" means a natural person who receives a small consumer installment loan.

(3) "Controlling person" means a person owning or controlling ten percent or more of the total outstanding shares of the applicant or licensee, if the applicant or licensee is a corporation, and a member who owns ten percent or more of a limited liability company or limited liability partnership.

(4) "Department" means the department of financial institutions.

(5) "Director" means the director of the department.

(6) "Final payment date" means the date of the borrower's last scheduled payment on a small consumer installment loan.

(7) "Gross monthly income" means a borrower's or potential borrower's gross monthly income as demonstrated by evidence of income, including, but not limited to, a pay stub, documentation reflecting receipt of public benefits, tax returns, bank statements, or other documentation.

(8) "License" means a license issued by the director under this subchapter.

(9) "Licensee" means a single small consumer installment lender licensed by the director to engage in business in accordance with this subchapter. "Licensee" also means a lender, whether located within or outside of this state, who fails to obtain a license required by this subchapter.

(10) "Loaned amount" means the principal amount of the loan exclusive of any interest, fees, penalties, or charges authorized by this subchapter.

(11) "Military borrower" means:

(a) A "covered borrower" as defined in 32 C.F.R. Sec. 232.3; and

(b)(i) A member of the reserve components of the United States army, navy, air force, marine corps, coast guard, army national guard, or air national guard; and

(ii) A spouse or dependent child of a person under (b)(i) of this subsection.

(12) "Person" means an individual, partnership, association, limited liability company, limited liability partnership, trust, corporation, and any other legal entity.

(13) "Record" means the same as defined in RCW 62A.1-201.

(14) "Scheduled payment" means any single payment disclosed in a payment schedule on a federal truth in lending act disclosure. "Scheduled payment" does not mean an actual payment on a date different than a payment on the loan payment schedule, or the payment in full of a loan before the final payment date on the loan payment schedule.

(15) "Small consumer installment loan" means a loan for personal, family, or household purposes made to a natural person in a single advance with terms as provided for in this subchapter.

(16) "Truth in lending act" means the truth in lending act, 15 U.S.C. Sec. 1601 and Regulation Z, 12 C.F.R. Part 1026.

NEW SECTION. **Sec. 21.** APPLICABILITY. (1) Any small consumer installment loan made to a resident of this state is subject to the authority and restrictions of this subchapter.

(2) This subchapter does not apply to the following:

(a) Any person doing business under, and as permitted by, any law of this state or of the United States relating to banks, savings banks, trust companies, savings and loan or building and loan associations, or credit unions; or

(b) Loans made under chapters 19.60 and 31.04 RCW.

NEW SECTION. **Sec. 22.** LICENSE REQUIRED. No person may engage in advertising or making small consumer installment loans without first obtaining a license from the director in accordance with this subchapter. A license is required for each location where a licensee engages in the business of making small consumer installment loans.

NEW SECTION. **Sec. 23.** LICENSE—APPLICATION—FEE—BOND—INFORMATION FROM APPLICANTS. (1) Each application for a license must be in writing in a form prescribed by the director and must contain the following information:

(a) The legal name, residence, and business address of the applicant and, if the applicant is a partnership, association, limited liability company, limited liability partnership, or corporation, of every member, officer, principal, or director thereof;

(b) The location where the initial registered office of the applicant will be located;

(c) The complete address of any other locations at which the applicant currently proposes to engage in making small consumer installment loans; and

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(d) Such other data, financial statements, and pertinent information as the director may require with respect to the applicant, its members, principals, or officers.

(2) As part of or in connection with an application for any license under this section, or periodically, each officer, director, and owner applicant shall furnish information concerning his or her identity, including fingerprints for submission to the Washington state patrol or the federal bureau of investigation for a state and national criminal history background check, personal history, experience, business record, purposes, and other pertinent facts, as the director may reasonably require. As part of or in connection with an application for a license under this subchapter, or periodically upon license renewal, the director is authorized to receive criminal history record information that includes nonconviction data as defined in RCW 10.97.030. The director may only disseminate nonconviction data obtained under this section to criminal justice agencies. This section does not apply to financial institutions regulated under chapters 31.12 and 31.13 RCW and Titles 30A, 32, and 33 RCW.

(3) Any information in the application regarding the personal residential address or telephone number of the applicant, any financial information about the applicant and entities owned or controlled by the applicant, and any trade secret as defined in RCW 19.108.010 including any financial statement that is a trade secret, is exempt from the public records disclosure requirements of chapter 42.56 RCW.

(4) The application must be filed together with an application fee established by rule by the director. The fees collected must be deposited to the credit of the financial services regulation fund in accordance with RCW 43.320.110.

(5) Each applicant shall file and maintain a surety bond, approved by the director, executed by the applicant as obligor and by a surety company authorized to do a surety business in this state as surety, whose liability as a surety does not exceed, in the aggregate, the penal sum of the bond. The penal sum of the bond must be a minimum of thirty thousand dollars and a maximum of two hundred fifty thousand dollars based on the annual dollar amount of loans originated. The bond must run to the state of Washington as obligee for the use and benefit of the state and of any person or persons who may have a cause of action against the obligor under this subchapter. The bond must be conditioned that the obligor as licensee will faithfully conform to and abide by this subchapter and all the rules adopted under this subchapter. The bond must pay to the state and any person or persons having a cause of action against the obligor all moneys that may become due and owing to the state and those persons under and by virtue of this subchapter.

NEW SECTION. **Sec. 24.** APPLICATION FOR LICENSE—FINANCIAL RESPONSIBILITY—DIRECTOR'S INVESTIGATION. (1) The director shall conduct an investigation of every applicant to determine the financial responsibility, experience, character, and general fitness of the applicant. The director shall issue the applicant a license to engage in the business of making small consumer installment loans, if the director determines that:

(a) The applicant has satisfied the licensing requirements of this subchapter;

(b) The applicant is financially responsible and appears to be able to conduct the business of making small consumer installment loans in an honest, fair, and efficient manner with the confidence and trust of the community and in accordance with this subchapter; and

(c) The applicant has the required bond.

(2) The director may refuse to issue a license if he or she finds that the applicant, or any person who is a director, officer, partner, agent, sole proprietor, owner, or controlling person of the applicant, has been convicted of a felony in any jurisdiction within seven years of filing the present application or is associating or consorting with any person who has been convicted of a felony in any jurisdiction within seven years of filing the present application.

(3) A license may not be issued to an applicant:

(a) Whose license to conduct business under this subchapter, or any similar statute in any other jurisdiction, has been suspended or revoked within five years of the filing of the present application;

(b) Who has been banned from the industry by an administrative order issued by the director or the director's designee, for the period specified in the administrative order; or

(c) Who has advertised or made internet loans in violation of this subchapter.

(4) A license issued in accordance with this subchapter remains in force and effect until surrendered, suspended, or revoked, or until the license expires as a result of nonpayment of the annual assessment fee as defined in this subchapter.

NEW SECTION. **Sec. 25.** MULTISTATE LICENSING SYSTEM—DIRECTOR'S DISCRETION. Applicants may be required to make application through a multistate licensing system as prescribed by the director. Existing licensees may be required to transition onto a multistate licensing system as prescribed by the director. The applicant shall pay to the nationwide multistate licensing system any additional fee to participate in the system.

NEW SECTION. **Sec. 26.** TERMS OF LOANS. A small consumer installment loan is subject to the following limitations:

(1) The interest charged on the loaned amount must not exceed thirty-six percent per annum, exclusive of fees, penalties, or charges authorized by this subchapter;

(2) The loaned amount must not exceed seven hundred dollars;

(3) The loaned amount and accrued interest and fees must be fully repayable in substantially equal and consecutive installments according to a payment schedule agreed to by the parties;

(4) A loan term must not be less than one hundred eighty days;

(5) A loan term must not be more than one hundred ninety days;

(6) The loaned amount and accrued interest and fees must be fully amortized over the term of the loan; and

(7) The borrower's repayment obligations must not be secured by a lien on any real or personal property.

NEW SECTION. **Sec. 27.** LIMITATIONS ON INTEREST AND CHARGES. Notwithstanding any other provision of law, a licensee, in addition to collecting the principal amount of the loan:

(1) May charge, contract for, and receive interest of no more than thirty-six percent per annum on the outstanding unpaid balance of the loaned amount, exclusive of fees, penalties, or charges authorized by this subchapter;

(2) May charge a loan origination fee on a small consumer installment loan not to exceed fifteen percent of the loaned amount. The origination fee shall not be precomputed, but shall accrue each day until the loan is repaid in full. The amount that accrues each day shall be equal to the total amount of the origination fee divided by the number of days in the loan term. Notwithstanding this subsection, a small consumer installment loan licensee must provide a full refund of all charges after rescission as provided in section 31 of this act;

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(3) May charge a monthly maintenance fee on a small consumer installment loan, not to exceed seven and one-half percent of the loaned amount. A monthly maintenance fee is fully earned at the end of each month after the loan origination date when the borrower has a balance outstanding on the last day of the month and is not subject to refund. Notwithstanding this subsection, maintenance fees for a small consumer installment loan shall not exceed an amount equal to forty-five dollars for each month the loan remains unpaid. For the purpose of this subsection, a "month" is measured from a given date of a given calendar month to the same date of the subsequent calendar month. If the origination date of the small consumer installment loan is the last day of a month, months are measured from the last day of that month to the last day of each following month. If the origination date of the small consumer installment loan is the 29th or 30th of a month, the last day of February must be used when applicable;

(4) Is prohibited from charging or collecting interest or fees allowed by subsections (1) through (3) of this section in excess of the interest and fees disclosed in the loan agreement, regardless of whether there is an outstanding balance after the final payment date;

(5) May contract with the borrower to repay the small consumer installment loan in installments that are substantially equal in amount which may be repayable weekly, biweekly, semimonthly, monthly, or in such other repayment frequency as the licensee and borrower may agree;

(6) May include in the amount of each scheduled payment all or part of the following, as applicable: (a) The accrued, pro rata portion of the origination fee; (b) a portion of the monthly maintenance fee equal to the aggregate of all monthly maintenance fees permitted under subsection (3) of this section divided by the total number of scheduled installment payments; (c) accrued interest; and (d) principal;

(7) Is prohibited from making a small consumer installment loan to a borrower if the loaned amount exceeds thirty percent of the borrower's gross monthly income. Gross monthly income must be evidenced by a pay stub or other evidence of income at least once every one hundred eighty days, and such evidence must (a) be no more than forty-five days old when presented to the licensee and (b) have been presented to the licensee no more than one hundred eighty days before the date on which the small consumer installment loan is made;

(8) May, in the event that any scheduled payment is delinquent thirty days or more:

(a) Charge and collect a penalty of not more than twenty-five dollars per loan; and

(b) Declare the entire loan due and payable and proceed to collect the small consumer installment loan, including only the unpaid balance of the loaned amount and all interest, loan origination, and monthly maintenance fees and penalties accrued at the time the entire loan is declared due and payable;

(9) May collect from the borrower reasonable attorneys' fees, actual expenses, and costs incurred in connection with the collection of any amounts due to a licensee with respect to a small consumer installment loan;

(10) Is prohibited from charging a prepayment fee. A borrower is allowed to pay all or part of a small consumer installment loan before the maturity date without incurring any additional fee;

(11) Is prohibited from requiring a borrower to purchase add-on products such as credit insurance; and

(12) Is prohibited from charging any other interest, fees, penalties, or charges, except those provided in this section.

NEW SECTION. **Sec. 28.** LOAN AGREEMENT—REQUIRED CONTENTS. A licensee making a small consumer installment loan must document the transaction by use of a record authenticated by the licensee and the borrower. This record must set forth the terms and conditions of the loan, including, but not limited to:

(1) The name and address of the borrower and the licensee;

(2) The transaction date;

(3) The loaned amount;

(4) A statement of the total amount of finance charges charged, expressed both as a dollar amount and an annual percentage rate, calculated in accordance with the truth in lending act;

(5) The installment payment schedule;

(6) The right to rescind the loan on or before the close of business on the next day of business at the location where the loan was originated;

(7) A notice to the borrower that delinquency on one scheduled payment may result in a penalty of not more than twenty-five dollars per loan and/or acceleration of the loan;

(8) A description of the methods by which loan payments may be made, which may include cash, check, electronic fund transfers through automated clearing house or debit network, or any additional method of loan payment authorized by the director after rule making. However, (a) a licensee may not condition an extension of credit under a small consumer installment loan on the borrower's repayment by preauthorized electronic fund transfers, and (b) a postdated check or electronic payment authorization used to make a payment on a small consumer installment loan must not be considered security or collateral for the loan; and

(9) A notice to the borrower in at least ten-point type that states:

A SMALL CONSUMER INSTALLMENT LOAN IS NOT INTENDED TO MEET LONG-TERM FINANCIAL NEEDS.

A SMALL CONSUMER INSTALLMENT LOAN SHOULD BE USED ONLY TO MEET SHORT-TERM CASH NEEDS.

WHILE YOU ARE NOT REQUIRED TO REPAY THIS LOAN BEFORE ITS DUE DATE, IT IS IN YOUR BEST INTEREST TO DO SO. THE SOONER YOU REPAY THE LOAN, THE LESS IN INTEREST, FEES, AND OTHER CHARGES YOU WILL PAY.

NEW SECTION. **Sec. 29.** NOTICE OF FEES AND CHARGES—RECEIPT. (1) A schedule of the fees, penalties, and charges for taking out a small consumer installment loan must be conspicuously and continuously posted in every location licensed under this subchapter.

(2) The licensee shall provide to the borrower a receipt for each small consumer loan transaction. The receipt must include the name of the licensee, the type and amount of the transaction, and the fees and charges charged for the transaction.

NEW SECTION. **Sec. 30.** DISBURSEMENT OF PROCEEDS. A licensee may disburse the proceeds of a small consumer installment loan in the form of a check drawn on the licensee's bank account, in cash, by money order, by prepaid card, by electronic funds transfer, or by other method authorized by the director after rule making.

NEW SECTION. **Sec. 31.** RESCISSION. A borrower may rescind a small consumer installment loan, on or before the close of business on the next day of business at the location where the loan was originated, by returning the principal in cash, the original check disbursed by the licensee, or the other disbursement of loan proceeds from the licensee to fund the loan. The licensee may not charge the borrower for rescinding the loan and must refund any loan fees and interest received. The licensee shall conspicuously disclose to the borrower the right of rescission in writing in the loan agreement.

NEW SECTION. **Sec. 32.** DELINQUENT SMALL CONSUMER INSTALLMENT LOAN—RESTRICTIONS ON COLLECTION BY LICENSEE OR THIRD PARTY. (1) A licensee shall comply with all applicable state and federal laws when collecting a delinquent small consumer installment loan. A licensee may take civil action to collect principal, interest, fees, penalties, charges, and costs allowed under this subchapter. A licensee may not threaten criminal prosecution as a method of collecting a delinquent small consumer installment loan or threaten to take any legal action against the borrower which the licensee may not legally take.

(2) Unless invited by the borrower, a licensee may not visit a borrower's residence or place of employment for the purpose of collecting a delinquent small consumer installment loan. A licensee may not impersonate a law enforcement official, or make any statements which might be construed as indicating an official connection with any federal, state, county, or city law enforcement agency, or any other governmental agency, while engaged in collecting a small consumer installment loan.

(3) A licensee may not communicate with a borrower in such a manner as to harass, intimidate, abuse, or embarrass a borrower, including but not limited to communication at an unreasonable hour, with unreasonable frequency, by threats of force or violence, or by use of offensive language. A communication is presumed to have been made for the purposes of harassment if it is initiated by the licensee for the purposes of collection and:

(a) It is made with a borrower, spouse, or domestic partner in any form, manner, or place, more than three times in a single week;

(b) It is made with a borrower at his or her place of employment more than one time in a single week or made to a borrower after the licensee has been informed that the borrower's employer prohibits these communications;

(c) It is made with the borrower, spouse, or domestic partner at his or her place of residence between the hours of 9:00 p.m. and 7:30 a.m.; or

(d) It is made to a party other than the borrower, the borrower's attorney, the licensee's attorney, or a consumer reporting agency if otherwise permitted by law except for purposes of acquiring location or contact information about the borrower.

(4) A licensee is required to maintain a communication log of all telephone and written communications with a borrower initiated by the licensee regarding any collection efforts including date, time, and the nature of each communication.

(5) If a dishonored check is assigned to any third party for collection, this section applies to the third party for the collection of the dishonored check.

(6) For the purposes of this section, "communication" includes any contact with a borrower, initiated by the licensee, in person, by telephone, or in writing (including emails, text messages, and other electronic writing) regarding the collection of a delinquent small consumer installment loan, but does not include any of the following:

(a) Communication while a borrower is physically present in the licensee's place of business;

(b) An unanswered telephone call in which no message (other than a caller identification) is left, unless the telephone call violates subsection (3)(c) of this section; and

(c) An initial letter to the borrower that includes disclosures intended to comply with the applicable provisions of the federal fair debt collection practices act.

(7) For the purposes of this section:

(a) A communication occurs at the time it is initiated by a licensee regardless of the time it is received or accessed by the borrower; and

(b) A call to a number that the licensee reasonably believes is the borrower's cell phone will not constitute a communication with a borrower at the borrower's place of employment.

(8) For the purposes of this section, "week" means a series of seven consecutive days beginning on a Sunday.

NEW SECTION. **Sec. 33.** LOAN FREQUENCY LIMITATIONS. (1) No licensee may extend to or have open with a borrower a small consumer installment loan at any time when that borrower has another small consumer installment loan with an outstanding balance with the licensee or another licensee unless the unpaid loaned amount of any and all small consumer installment loans to a borrower at any time does not exceed seven hundred dollars.

(2) A borrower is prohibited from receiving more than eight small consumer installment loans from all licensees in any twelve-month period. A licensee is prohibited from making a small consumer installment loan to a borrower if making that small consumer installment loan would result in a borrower receiving more than eight small consumer installment loans from all licensees in any twelve-month period.

(3) A licensee is prohibited from extending a small consumer installment loan to a borrower who:

(a) Is in default on another small consumer installment loan until after that loan is paid in full or two years have passed from the origination date of the small consumer installment loan, whichever occurs first; or

(b) Is in a repayment plan for a small consumer installment loan with another licensee.

(4) A licensee is prohibited from extending a small consumer installment loan at any time to a borrower who:

(a) Has an unpaid small loan made by a licensee under chapter 31.45 RCW; or

(b) Is in an installment plan under RCW 31.45.088.

(5) The director has broad rule-making authority to adopt and implement a database system to carry out this section. This includes, but is not limited to, taking the steps necessary to contract a database vendor, and set licensee fees to operate and administer the database system.

(6) The information in the database described in this section is exempt from public disclosure under chapter 42.56 RCW.

NEW SECTION. **Sec. 34.** MILITARY BORROWERS. (1) A licensee is prohibited from extending a small consumer installment loan to any military borrower. In determining if a borrower is a military borrower and is ineligible to obtain a small consumer installment loan, a licensee may rely upon a statement provided by a borrower on a form prescribed by rule by the director. The form must apply standards to all military borrowers that are similar to the covered borrower identification statement standards of 32 C.F.R. Sec. 232.5(a)(1).

(2) The director must adopt rules to implement this section.

NEW SECTION. **Sec. 35.** REPAYMENT PLAN. (1) If a small consumer installment loan licensee attempts to collect the outstanding balance on a small consumer installment loan in default by commencing any civil action, the small consumer installment loan licensee shall first offer the borrower an opportunity to enter into a repayment plan. The small consumer installment loan licensee:

(a) Is required to make the repayment plan offer available to the borrower for a period of at least fifteen days after the date of the offer; and

(b) Is not required to make such an offer more than once for each loan.

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(2) The repayment plan offer must:

(a) Be in writing and sent by electronic mail to an electronic mail address provided by the borrower to the licensee, or by United States mail, return receipt requested, to the borrower's mailing address provided by the borrower to the licensee;

(b) State the date by which the borrower must act to enter into a repayment plan;

(c) Briefly explain the procedures the borrower must follow to enter into a repayment plan;

(d) If the licensee requires the borrower to make an initial payment to enter into a repayment plan, briefly explain the requirement and state the amount of the initial payment and the date the initial payment must be made;

(e) State that the borrower has the opportunity to enter into a repayment plan with a term of at least one hundred twenty days after the date the repayment plan is entered into; and

(f) Include the following amounts:

(i) The initial payment due; and

(ii) The total amount due if the borrower enters into a repayment plan.

(3) Under the terms of any repayment plan pursuant to this section:

(a) The borrower must enter into the repayment plan not later than fifteen days after the date of the repayment plan offer, unless the licensee allows a longer period;

(b) The licensee must allow the period for repayment to extend at least one hundred twenty days after the date of the repayment plan, unless the borrower agrees to a shorter term; and

(c) The licensee may require the borrower to make an initial payment of not more than twenty percent of the total amount due under the terms of the repayment plan.

(4) If the licensee and borrower enter into a repayment plan pursuant to this section, the licensee shall honor the terms of the repayment plan, and the licensee shall not:

(a) Except as otherwise provided by this subchapter, charge any other amount to a borrower, including, without limitation, any amount or charge payable directly or indirectly by the borrower and imposed directly or indirectly by the licensee as an incident to or as a condition of entering into a repayment plan, other than the fees charged pursuant to the original loan agreement;

(b) Accept any collateral from the borrower to enter into the repayment plan;

(c) Sell to the borrower any insurance or require the borrower to purchase insurance or any other goods or services to enter into the repayment plan; and

(d) Attempt to collect an amount that is greater than the amount owed under the terms of the repayment plan.

(5) If the licensee and borrower enter into a repayment plan pursuant to this section, the licensee shall:

(a) Prepare a written agreement establishing the repayment plan; and

(b) Give the borrower a copy of the written repayment agreement. The written repayment agreement must:

(i) Be signed by the licensee and borrower; and

(ii) Contain all of the terms of the repayment plan, including, without limitation, the total amount due under the terms of the repayment plan.

(6) If the borrower defaults on the repayment plan, the licensee may, without any further notice to the borrower, commence any civil action and/or pursue any remedy as otherwise authorized by law.

NEW SECTION. **Sec. 36.** RESTRICTION ON TRANSFER. No licensee may pledge, negotiate, sell, or assign a small consumer installment loan, except to another licensee or to a bank, savings bank, trust company, savings and loan or building and loan association, or credit union organized under the laws of Washington or the laws of the United States.

NEW SECTION. **Sec. 37.** PROHIBITED ACTS. (1) It is a violation of this subchapter for a licensee, its officers, directors, employees, or independent contractors, or any other person subject to this subchapter to:

(a) Fail to make disclosures to loan applicants as required by any applicable state or federal law;

(b) Directly or indirectly employ any scheme, device, or artifice to defraud or mislead any borrower, to defraud or mislead any lender, or to defraud or mislead any person;

(c) Directly or indirectly engage in any unfair or deceptive practice toward any person;

(d) Directly or indirectly obtain property by fraud or misrepresentation;

(e) Make a small consumer installment loan to any person physically located in Washington through the use of the internet, facsimile, telephone, kiosk, or other means without first obtaining a license;

(f) Make, in any manner, any false or deceptive statement or representation with regard to the rates, points, or other financing terms or conditions for a small consumer installment loan or engage in bait and switch advertising;

(g) Negligently make any false statement or knowingly and willfully make any omission of material fact in connection with any reports filed with the department of financial institutions by a licensee or in connection with any investigation conducted by the department of financial institutions;

(h) Advertise any rate of interest without conspicuously disclosing the annual percentage rate implied by that rate of interest or otherwise fail to comply with any requirement of the truth in lending act, or any other applicable state or federal statutes or regulations;

(i) Make small consumer installment loans from any unlicensed location;

(j) Fail to comply with all applicable state and federal statutes relating to the activities governed by this subchapter; or

(k) Fail to pay any other fee, assessment, or moneys due the department.

(2) In addition to any other penalties, any transaction in violation of subsection (1) of this section is uncollectible and unenforceable.

NEW SECTION. **Sec. 38.** INTERNET LENDING. (1) A licensee may advertise and accept applications for small consumer installment loans by any lawful medium including, but not limited to, the internet.

(2) Licensees are prohibited from advertising or making small consumer installment loans via the internet without first having obtained a license.

NEW SECTION. **Sec. 39.** INVESTIGATION AND EXAMINATION FEES AND ANNUAL ASSESSMENT FEE REQUIRED—AMOUNTS DETERMINED BY RULE—FAILURE TO PAY—NOTICE REQUIREMENTS OF LICENSEE. (1) Each applicant and licensee shall pay to the director an investigation and examination fee as established in rule and an annual assessment fee for the coming year in an amount determined by rule as necessary to cover the operation of the program. The annual assessment fee is due upon the annual assessment fee due date as established in rule. Nonpayment of the annual assessment fee may result in expiration of the license as provided in subsection (2) of this section. In establishing the fees, the director shall consider at least the volume of business, level of risk, and potential harm to the public related to each activity. The fees collected shall be deposited to the credit of the financial services regulation fund in accordance with RCW 43.320.110.

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(2) If a licensee does not pay its annual assessment fee by the annual assessment fee due date as specified in rule, the director or the director's designee shall send the licensee a notice of expiration and assess the licensee a late fee not to exceed fifteen percent of the annual assessment fee as established in rule by the director. The licensee's payment of both the annual assessment fee and the late fee must arrive in the department of financial institutions' offices by 5:00 p.m. Pacific time on the tenth day after the annual assessment fee due date, unless the department of financial institutions is not open for business on that date, in which case the licensee's payment of both the annual assessment fee and the late fee must arrive in the department of financial institutions' offices by 5:00 p.m. Pacific time on the next occurring day that the department of financial institutions is open for business. If the payment of both the annual assessment fee and the late fee does not arrive prior to such time and date, then the expiration of the licensee's license is effective at 5:00 p.m. Pacific time on the thirtieth day after the assessment fee due date. The director or the director's designee may reinstate the license if, within fifteen days after the effective date of expiration, the licensee pays the annual assessment fee and the late fee.

(3) If a licensee intends to do business at a new location, to close an existing place of business, or to relocate an existing place of business, the licensee shall provide written notification of that intention to the director no less than thirty days before the proposed establishing, closing, or moving of a place of business.

NEW SECTION. **Sec. 40.** LICENSEE—RECORDKEEPING. Each licensee shall keep and maintain the business books, accounts, and records the director may require to fulfill the purposes of this subchapter. Every licensee shall preserve the books, accounts, and records as required in rule by the director for at least two years from the completion of the transaction. Records may be maintained on an electronic, magnetic, optical, or other storage media. However, the licensee must maintain the necessary technology to permit access to the records by the department of financial institutions for the period required under this subchapter.

NEW SECTION. **Sec. 41.** EXAMINATION OR INVESTIGATION—DIRECTOR'S AUTHORITY—COSTS. The director or the director's designee may at any time examine and investigate the business and examine the books, accounts, records, and files, or other information, wherever located, of any licensee or person who the director has reason to believe is engaging in the business governed by this subchapter. For these purposes, the director or the director's designee may require the attendance of and examine under oath all persons whose testimony may be required about the business or the subject matter of the investigation. The director or the director's designee may require the production of original books, accounts, records, files, or other information, or may make copies of such original books, accounts, records, files, or other information. The director or the director's designee may issue a subpoena or subpoena duces tecum requiring attendance and testimony, or the production of the books, accounts, records, files, or other information. The director shall collect from the licensee the actual cost of the examination and investigation.

NEW SECTION. **Sec. 42.** SUBPOENA AUTHORITY—APPLICATION—CONTENTS—NOTICE—FEES. (1) The director or authorized assistants may apply for and obtain a superior court order approving and authorizing a subpoena in advance of its issuance. The application may be made in the county where the subpoenaed person resides or is found, or the county where the subpoenaed documents, records, or evidence are located, or in Thurston county. The application must:

(a) State that an order is sought under this section;

(b) Adequately specify the documents, records, evidence, or testimony; and

(c) Include a declaration made under oath that an investigation is being conducted for a lawfully authorized purpose related to an investigation within the director's authority and that the subpoenaed documents, records, evidence, or testimony are reasonably related to an investigation within the director's authority.

(2) When an application under this section is made to the satisfaction of the court, the court must issue an order approving the subpoena. An order under this subsection constitutes authority of law for the director to subpoena the documents, records, evidence, or testimony.

(3) The director or authorized assistants may seek approval and a court may issue an order under this section without prior notice to any person, including the person to whom the subpoena is directed and the person who is the subject of an investigation. An application for court approval is subject to the fee and process set forth in RCW 36.18.012(3).

NEW SECTION. **Sec. 43.** REPORT REQUIREMENTS—DISCLOSURE OF INFORMATION—RULES. (1) Each licensee shall submit to the director, in a form approved by the director, a report containing financial statements covering the calendar year or, if the licensee has an established fiscal year, then for that fiscal year, within one hundred five days after the close of each calendar or fiscal year. The licensee shall also file additional relevant information as the director may require. Any information provided by a licensee in an annual report is exempt from disclosure under chapter 42.56 RCW, unless aggregated with information supplied by other licensees in a manner that the licensee's individual information is not identifiable. Any information provided by the licensee that allows identification of the licensee may only be used by the director for purposes reasonably related to the regulation of licensees to ensure compliance with this subchapter.

(2) The director shall adopt rules specifying the form and content of annual reports and may require additional reporting as is necessary for the director to ensure compliance with this subchapter.

(3) A licensee whose license has been suspended or revoked shall submit to the director, at the licensee's expense, within one hundred five days after the effective date of the suspension or revocation, a closing audit report containing audited financial statements as of the effective date for the twelve months ending with the effective date.

(4) The director is authorized to enter into agreements or sharing arrangements regarding licensee reports, examination, or investigation information with other governmental agencies, the conference of state bank supervisors, the American association of residential mortgage regulators, the national association of consumer credit administrators, or other associations representing governmental agencies as established by rule, regulation, or order of the director.

NEW SECTION. **Sec. 44.** DIRECTOR—BROAD ADMINISTRATIVE DISCRETION—RULE MAKING—ACTIONS IN SUPERIOR COURT. The director has the power, and broad administrative discretion, to administer, liberally construe, and interpret this subchapter to facilitate the delivery of financial services to the citizens of this state by licensees subject to this subchapter, and to effectuate the legislature's goal to protect borrowers. The director shall adopt all rules necessary to administer this subchapter, to establish and set fees authorized by this subchapter, and to ensure complete and

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full disclosure by licensees of lending transactions governed by this subchapter.

NEW SECTION. **Sec. 45.** VIOLATIONS OR UNSOUND FINANCIAL PRACTICES—STATEMENT OF CHARGES—HEARING—SANCTIONS—DIRECTOR'S AUTHORITY. (1) The director may issue and serve upon a licensee or applicant, or any director, officer, sole proprietor, partner, or controlling person of a licensee or applicant, a statement of charges if, in the opinion of the director, any licensee or applicant, or any director, officer, sole proprietor, partner, or controlling person of a licensee or applicant:

(a) Is engaging or has engaged in an unsafe or unsound financial practice in conducting a business governed by this subchapter;

(b) Is violating or has violated this subchapter, including violations of:

(i) Any rules, orders, or subpoenas issued by the director under any act;

(ii) Any condition imposed in writing by the director in connection with the granting of any application or other request by the licensee; or

(iii) Any written agreement made with the director;

(c) Obtains a license by means of fraud, misrepresentation, or concealment;

(d) Provides false statements or omits material information on an application;

(e) Knowingly or negligently omits material information during or in response to an examination or in connection with an investigation by the director;

(f) Fails to pay a fee or assessment required by the director or any multistate licensing system prescribed by the director, or fails to maintain the required bond;

(g) Commits a crime against the laws of any jurisdiction involving moral turpitude, financial misconduct, or dishonest dealings. For the purposes of this section, a certified copy of the final holding of any court, tribunal, agency, or administrative body of competent jurisdiction is conclusive evidence in any hearing under this subchapter;

(h) Knowingly commits or is a party to any material fraud, misrepresentation, concealment, conspiracy, collusion, trick, scheme, or device whereby any other person relying upon the word, representation, or conduct acts to his or her injury or damage;

(i) Wrongly converts any money or its equivalent of any other person to his or her own use or to the use of his or her principal;

(j) Fails to disclose to the director any material information within his or her knowledge or fails to produce any document, book, or record in his or her possession for inspection by the director upon lawful demand;

(k) Commits any act of fraudulent or dishonest dealing. For the purposes of this section, a certified copy of the final holding of any court, tribunal, agency, or administrative body of competent jurisdiction is conclusive evidence in any hearing under this subchapter;

(l) Commits an act or engages in conduct that demonstrates incompetence or untrustworthiness, or is a source of injury and loss to the public; or

(m) Violates any applicable state or federal law relating to the activities governed by this subchapter.

(2) The director may issue and serve upon a licensee or applicant, or any director, officer, sole proprietor, partner, or controlling person of the licensee or applicant, a statement of charges if the director has reasonable cause to believe that the licensee or applicant is about to do acts prohibited in subsection (1) of this section.

(3) The statement of charges must be issued under chapter 34.05 RCW. The director or the director's designee may impose the following sanctions against any licensee or applicant, or any directors, officers, sole proprietors, partners, controlling persons, or employees of a licensee or applicant:

(a) Deny, revoke, suspend, or condition a license;

(b) Order the licensee or person to cease and desist from practices that violate this subchapter;

(c) Impose a fine not to exceed one hundred dollars per day per violation of this subchapter;

(d) Order restitution or refunds, or both, to borrowers or other affected parties for violations of this subchapter or to take other affirmative action as necessary to comply with this subchapter; and

(e) Remove from office or ban from participation in the affairs of any licensee any director, officer, sole proprietor, partner, controlling person, or employee of a licensee.

(4) The proceedings to impose the sanctions described in subsection (3) of this section, including any hearing or appeal of the statement of charges, are governed by chapter 34.05 RCW.

(5) Unless the licensee or person personally appears at the hearing or is represented by a duly authorized representative, the licensee is deemed to have consented to the statement of charges and the sanctions imposed in the statement of charges.

(6) Except to the extent prohibited by another statute, the director may engage in informal settlement of complaints or enforcement actions including, but not limited to, payment to the department of financial institutions for purposes of financial literacy and education programs authorized under RCW 43.320.150.

NEW SECTION. **Sec. 46.** VIOLATIONS OR UNSOUND PRACTICES—TEMPORARY CEASE AND DESIST ORDER—DIRECTOR'S AUTHORITY. Whenever the director determines that the acts specified in section 45 of this act or their continuation is likely to cause insolvency or substantial injury to the public, the director may also issue a temporary cease and desist order requiring the licensee to cease and desist from the violation or practice. The order becomes effective upon service upon the licensee and remains effective unless set aside, limited, or suspended by a court under section 47 of this act pending the completion of the administrative proceedings under the notice and until the time the director dismisses the charges specified in the notice or until the effective date of a superior court injunction under section 47 of this act.

NEW SECTION. **Sec. 47.** TEMPORARY CEASE AND DESIST ORDER—LICENSEE'S APPLICATION FOR INJUNCTION. Within ten days after a licensee has been served with a temporary cease and desist order, the licensee may apply to the superior court in the county of its principal place of business for an injunction setting aside, limiting, or suspending the order pending the completion of the administrative proceedings pursuant to the notice served under section 46 of this act. The superior court has jurisdiction to issue the injunction.

NEW SECTION. **Sec. 48.** VIOLATION OF TEMPORARY CEASE AND DESIST ORDER—DIRECTOR'S APPLICATION FOR INJUNCTION. In the case of a violation or threatened violation of a temporary cease and desist order issued under section 46 of this act, the director may apply to the superior court of the county of the principal place of business of the licensee for an injunction.

NEW SECTION. **Sec. 49.** APPOINTMENT OF RECEIVER. The director may petition the superior court for the appointment of a receiver to liquidate the affairs of the licensee.

NEW SECTION. **Sec. 50.** VIOLATION—CONSUMER PROTECTION ACT—REMEDIES. The legislature finds and declares that any violation of this subchapter substantially affects

the public interest and is an unfair and deceptive act or practice and an unfair method of competition in the conduct of trade or commerce as set forth in RCW 19.86.020. Remedies available under chapter 19.86 RCW do not affect any other remedy the injured party may have.

NEW SECTION. **Sec. 51.** ADJUSTMENT OF DOLLAR AMOUNTS. The dollar amounts established in sections 26(2) and 33(1) of this act must, without discretion, be adjusted for inflation by the director on July 1, 2017, and on each July 1st thereafter, based upon upward changes in the consumer price index during that time period, and then rounded up to the nearest five dollars. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The director must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

NEW SECTION. **Sec. 52.** REPORT TO LEGISLATURE. The director must collect and submit the following information to the legislature by December 1, 2017, for data collected during 2016:

(1) The number of branches and total locations;

(2) The number of loans made during 2016;

(3) Loan volume;

(4) Average loan amount;

(5) Total fees charged, in total and by category of fee or other charge;

(6) Average payment per month, in total and by category of fee or other charge;

(7) Average income of borrower;

(8) The number of military borrowers;

(9) Borrower frequency;

(10) The number of unique borrowers;

(11) Average length of loan repayment;

(12) The number of borrowers taking out the maximum loan amount;

(13) The number of borrowers who went into default;

(14) Average length of time a borrower has a loan before a borrower goes into default;

(15) Any legislative recommendations by the director; and

(16) Any other information that the director believes is relevant or useful.

NEW SECTION. **Sec. 53.** SMALL CONSUMER INSTALLMENT LOANS—FINANCIAL LITERACY FUND. For each small consumer installment loan that is made, a licensee must remit two dollars to the department of financial institutions, one dollar to be used by the department for the purpose of financial literacy and education programs authorized under RCW 43.320.150 and one dollar to be deposited in the asset building assistance account established in section 58 of this act. The director shall adopt rules to implement this section.

NEW SECTION. **Sec. 54.** DIRECTOR AUTHORIZED TO CHARGE FEES. Effective January 1, 2016, the director shall establish, set, and adjust by rule the amount of all fees and charges authorized by this subchapter.

NEW SECTION. **Sec. 55.** SHORT TITLE. This subchapter may be known and cited as the small consumer installment loan act.

NEW SECTION. **Sec. 56.** A new section is added to chapter 43.63A RCW to read as follows:

(1) There is established in the department of commerce a grant program to enhance funding for asset building coalitions. Grant funds shall be used to fund asset building activities in communities across Washington.

(2) The department of commerce shall establish by rule criteria for eligibility and grant application requirements.

NEW SECTION. **Sec. 57.** A new section is added to chapter 43.63A RCW to read as follows:

(1) Subject to funds appropriated by the legislature for this purpose, including funds in the asset building assistance account, the department of commerce shall make awards under the grant program established in section 56 of this act.

(2) Awards shall be made competitively based on the purposes of section 56 of this act and criteria established in rule by the department of commerce.

(3) Activities funded under this section may be considered for funding in future years, but shall be considered under the same terms and criteria as new activities. Funding of a program or activity under this chapter shall not constitute an obligation by the state of Washington to provide ongoing funding.

(4) The department of commerce may receive such gifts, grants, and endowments from public or private sources as may be made from time to time, in trust or otherwise, for the use and benefit of the purposes of the grant program established under section 56 of this act and expend the same or any income from these sources according to the terms of the gifts, grants, or endowments.

(5) The department of commerce may expend up to five percent of the funds appropriated for the grant program for administrative costs and grant supervision.

NEW SECTION. **Sec. 58.** A new section is added to chapter 43.63A RCW to read as follows:

The asset building assistance account is created in the state treasury. Expenditures from the account may be used to fund the grant program to enhance asset building activities under section 56 of this act. Moneys in the account may be spent only after appropriation.

NEW SECTION. **Sec. 59.** Sections 1 through 16 of this act take effect July 1, 2016, or on and after the effective date of the final rules adopted by the director implementing this act, whichever is later provided the subchapter "small consumer installment loans" becomes law as it is enacted by the legislature.

NEW SECTION. **Sec. 60.** (1) Sections 20 through 58 of this act take effect July 1, 2016.

(2) The director of financial institutions or the director's designee shall take the actions necessary to ensure sections 20 through 55 of this act are implemented on July 1, 2016.

(3) The director of commerce or the director's designee shall take the actions necessary to ensure sections 56 through 58 of this act are implemented on July 1, 2016.

NEW SECTION. **Sec. 61.** Sections 20 through 51, 53 through 55, and 59 of this act are each added to chapter 31.45 RCW and codified with the subchapter heading of "small consumer installment loans.""

MOTION

Senator Jayapal moved that the following amendment by Senator Jayapal be adopted:

On page 19, beginning on line 5 of the amendment, after "stub," strike everything through "benefits," on line 6

MOTION

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Senator Fain demanded that the previous question be put.

The President declared that at least two additional senators joined the demand and the demand was sustained.

The President declared the question before the Senate to be, "Shall the main question be now put?"

The motion by Senator Fain carried and the previous question was put by voice vote.

The President declared the question before the Senate to be the adoption of the amendment by Senator Jayapal on page 19, line 5 to Substitute Senate Bill No. 5899.

The motion by Senator Jayapal failed and the amendment was not adopted by voice vote.

The President declared the question before the Senate to be the adoption of the striking amendment by Senator Liias to Substitute Senate Bill No. 5899.

The motion by Senator Liias carried and the striking amendment as amended was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "loans;" strike the remainder of the title and insert "amending RCW 31.45.010, 31.45.020, 31.45.030, 31.45.040, 31.45.050, 31.45.060, 31.45.070, 31.45.090, 31.45.100, 31.45.105, 31.45.110, 31.45.150, 31.45.180, 31.45.190, and 31.45.200; adding new sections to chapter 31.45 RCW; adding new sections to chapter 43.63A RCW; creating new sections; repealing RCW 31.45.073, 31.45.077, 31.45.079, 31.45.082, 31.45.084, 31.45.085, 31.45.086, 31.45.088, 31.45.093, 31.45.095, and 31.45.210; prescribing penalties; providing an effective date; and providing a contingent effective date."

MOTION

On motion of Senator Liias, the rules were suspended, Engrossed Substitute Senate Bill No. 5899 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Liias spoke in favor of passage of the bill.

Senators Mullet spoke against passage of the bill.

POINT OF ORDER

Senator Hargrove: "Under Article II, Section 28 of the constitution sub 13, it says; 'A legislature is prohibited from enacting any private or special laws in the following cases and sub 13 is regulating the rates of interest on money. Would you rule as to whether this takes a two-thirds vote in order to pass this bill?"

RULING BY THE PRESIDENT

President Owen: "In ruling on the Point of Order by Senator Hargrove as to the number of votes necessary to pass this bill it would take two-thirds vote that would be required to amend the constitution. This bill has nothing to do with amending the constitution so it takes a simple majority."

MOTION

On motion of Senator Fain, Rule 15 was suspended for the remainder of the day for the purpose of allowing continued floor action.

EDITOR'S NOTE: Senate Rule 15 establishes the floor schedule and calls for a lunch and dinner break of 90 minutes each per day during regular daily sessions.

Senator Darneille spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5899.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5899 and the bill passed the Senate by the following vote: Yeas, 30; Nays, 18; Absent, 0; Excused, 1.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Braun, Brown, Dammeier, Dansel, Ericksen, Fain, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Keiser, King, Liias, Litzow, Miloscia, O'Ban, Padden, Parlette, Ranker, Rivers, Roach, Schoesler, Sheldon and Warnick

Voting nay: Senators Billig, Chase, Cleveland, Conway, Darneille, Fraser, Habib, Hargrove, Hasegawa, Jayapal, Kohl-Welles, McAuliffe, McCoy, Mullet, Nelson, Pearson, Pedersen and Rolfes

Excused: Senator Frockt

ENGROSSED SUBSTITUTE SENATE BILL NO. 5899, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5550, by Senators Habib and Fain

Regulating providers of commercial transportation services.

MOTION

On motion of Senator Fain, Substitute Senate Bill No. 5550 was substituted for Senate Bill No. 5550 and the substitute bill was placed on the second reading and read the second time.

MOTION

Senator Habib moved that the following striking amendment by Senator Habib be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Department" means the department of licensing.

(2) "Personal vehicle" means a vehicle that is used by a transportation network company driver in connection with providing services for a transportation network company that meets the vehicle criteria in this chapter and that is authorized by the transportation network company.

(3) "Prearranged ride" means a route of travel between points chosen by the passenger and arranged with a driver through the use of a transportation network company's digital network or software application. The ride begins when a driver accepts a requested ride through a digital network or software application,

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continues while the driver transports the passenger in a personal vehicle, and ends when the passenger departs from the personal vehicle.

(4) "Transportation network company" means a corporation, partnership, sole proprietorship, or other entity, operating in Washington, that uses a digital network or software application to connect passengers to drivers for the purpose of providing a prearranged ride. A transportation network company is neither a taxicab company, passenger charter carrier, or auto transportation company, as described in Title 81 RCW, nor a limousine or for hire operator, as defined in this title. A transportation network company is not deemed to own, control, operate, or manage the personal vehicles used by transportation network company drivers. A transportation network company does not include a political subdivision or other entity exempt from federal income tax under 26 U.S.C. Sec. 115 of the federal internal revenue code.

(5) "Transportation network company driver" or "driver" means an individual who uses a personal vehicle to provide services for passengers matched through a transportation network company's digital network or software application. A driver is not a for hire operator as that term is used in this title.

(6) "Transportation network company passenger" or "passenger" means a passenger in a personal vehicle for whom transport is provided, including:

(a) An individual who uses a transportation network company's digital network or software application to connect with a driver to obtain services in the driver's vehicle for the individual and anyone in the individual's party; or

(b) Anyone for whom another individual uses a transportation network company's digital network or software application to connect with a driver to obtain services in the driver's vehicle.

(7) "Transportation network company services" or "services" means all times the driver is logged in to a transportation network company's digital network or software application or until the passenger has left the personal vehicle, whichever is later. The term does not include services provided either directly or under contract with a political subdivision or other entity exempt from federal income tax under 26 U.S.C. Sec. 115 of the federal internal revenue code.

NEW SECTION. **Sec. 2.** (1)(a) A transportation network company must comply with the requirements of this chapter, including those relating to a driver's compliance with insurance, qualification, conduct, nondiscrimination, maximum work hours, criminal history, and driving record requirements. Any penalty for a violation of this chapter may be assessed only against the transportation network company, unless (i) the transportation network company could not have reasonably known of the violation or (ii) the transportation network company knew of the violation and expeditiously took action to address the violation to the satisfaction of the department.

(b) This chapter does not relieve a driver from complying with requirements applicable to private vehicles set out in this title, including those relating to drivers' licenses, vehicle registrations, minimum insurance, rules of the road, and the penalties associated with any violation. A transportation network company driver is not required to register the vehicle the driver uses for transportation network company services as a commercial or for hire vehicle solely because the driver uses the vehicle to provide transportation network company services.

(2) Except as provided in rules adopted by the department pursuant to this chapter, chapter 18.235 RCW governs unlicensed practice, unprofessional conduct, the issuance and denial of permits, and the discipline of permittees under this chapter.

(3) A transportation network company must comply with the registered agent requirements of chapter 23B.05 RCW.

(4) Pursuant to rules adopted by the department that are consistent with public safety and consumer protection, every transportation network company operating under this chapter must submit a quarterly report to the department, providing at a minimum the total number of drivers using its digital network or software application, the total number of prearranged rides, the total hours that drivers are logged in to its network, the total hours spent providing transportation network company services, and describing any accident in which a personal vehicle was involved while carrying a passenger.

(5) A transportation network company may not, with respect to drivers using its digital network or software application, or drivers using the digital network or software application of another transportation network company, require drivers to agree to a noncompetition agreement or otherwise prohibit a driver from working with another transportation network company. However, a transportation network company may prohibit a driver's use of any brand or mark of the company in a way that is confusing to the public.

(6) Every transportation network company must, if achievable, make its digital network or software application accessible to persons with disabilities.

NEW SECTION. **Sec. 3.** (1)(a) Before being used to provide transportation network company services, every personal vehicle must be covered by a primary automobile insurance policy that specifically covers transportation network company services. However, the insurance coverage requirements of this section are alternatively satisfied by securing coverage pursuant to chapter 46.72 or 46.72A RCW that covers the personal vehicle being used to provide transportation network company services and that is in effect twenty-four hours per day, seven days per week. Except as provided in subsection (2) of this section, a transportation network company must secure this policy for every personal vehicle used to provide transportation network company services. For purposes of this section, a "primary automobile insurance policy" is not a private passenger automobile insurance policy.

(b) The primary automobile insurance policy required under this section must provide coverage, as specified in this subsection (1)(b), at all times the driver is logged in to a transportation network company's digital network or software application and at all times a passenger is in the vehicle as part of a prearranged ride.

(i) The primary automobile insurance policy required under this subsection must provide liability coverage, during transportation network company services applicable during the period before a driver accepts a requested ride through a digital network or software application, in an amount no less than fifty thousand dollars per person for bodily injury, one hundred thousand dollars per accident for bodily injury of all persons, and thirty thousand dollars for damage to property.

(ii) The primary automobile insurance policy required under this subsection must provide the following coverages, applicable during the period of a prearranged ride:

(A) Combined single limit liability coverage in the amount of one million dollars for death, personal injury, and property damage; and

(B) Uninsured motorist coverage and underinsured motorist coverage in the amount of one million dollars.

(2)(a) As an alternative to the provisions of subsection (1) of this section, if the office of the insurance commissioner approves the offering of an insurance policy that recognizes that a person is acting as a transportation network company driver and using a personal vehicle to provide transportation network company services, a driver may secure a primary automobile insurance policy covering a personal vehicle and providing the same

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coverage as required in subsection (1) of this section. The policy coverage may be in the form of a rider to, or endorsement of, the driver's private passenger automobile insurance policy only if approved as such by the office of the insurance commissioner.

(b) If the primary automobile insurance policy maintained by a driver to meet the obligation of this section does not provide coverage for any reason, including that the policy lapsed or did not exist, the transportation network company must provide the coverage required under this section beginning with the first dollar of a claim.

(c) The primary automobile insurance policy required under this subsection and subsection (1) of this section may be secured by any of the following:

(i) The transportation network company as provided under subsection (1) of this section;

(ii) The driver as provided under (a) of this subsection; or

(iii) A combination of both the transportation network company and the driver.

(3) The insurer or insurers providing coverage under subsections (1) and (2) of this section are the only insurers having the duty to defend any liability claim from an accident occurring while transportation network company services are being provided.

(4) In addition to the requirements in subsections (1) and (2) of this section, before allowing a person to provide transportation network company services as a driver, a transportation network company must provide written proof to the driver that the transportation network company driver is covered by a primary automobile insurance policy that meets the requirements of this section.

(5)(a) If a transportation network company maintains a primary automobile insurance policy to satisfy the obligations of this section, it must provide proof of the policy to the department.

(b) Alternatively, if a driver purchases a primary automobile insurance policy as allowed under subsection (2) of this section, the transportation network company must verify that the driver has done so. Additionally, the transportation network company must provide proof to the department of the insurance required under subsection (2)(b) of this section.

(c) Upon request from the department, drivers and transportation network companies must provide copies of the policies required under this section to the department.

(6) A primary automobile insurance policy required under subsection (1) or (2) of this section may be placed with an insurer licensed under Title 48 RCW to provide insurance in the state of Washington or as an eligible surplus line insurance policy as described in RCW 48.15.040.

(7) Nothing in this section shall be construed to require a private passenger automobile insurance policy to provide primary or excess coverage or a duty to defend for the period of time in which a driver is logged in to a transportation network company's digital network or software application or while a passenger is in the vehicle.

(8) If more than one insurance policy provides valid and collectible coverage for a loss arising out of an occurrence involving a motor vehicle operated by a driver, the responsibility for the claim must be divided as follows:

(a) Except as provided otherwise under subsection (2)(c) of this section, if the driver has been matched with a passenger and is traveling to pick up the passenger, or the driver is providing services to a passenger, the transportation network company that matched the driver and passenger must provide insurance coverage; or

(b) If the driver is logged in to more than one transportation network company digital network or software application but has not been matched with a passenger, the liability must be divided equally among all of the applicable insurance policies that specifically provide coverage for transportation network company services.

(9) In an accident or claims coverage investigation, a transportation network company or its insurer must cooperate with a private passenger automobile insurance policy insurer and other insurers that are involved in the claims coverage investigation to facilitate the exchange of information, including the provision of (a) dates and times at which an accident occurred that involved a participating driver and (b) within ten business days after receiving a request, a copy of the company's electronic record showing the precise times that the participating driver logged on and off the transportation network company's digital network or software application on the day the accident or other loss occurred. The transportation network company or its insurer must retain all data, communications, or documents related to insurance coverage or accident details for a period of not less than the applicable statutes of limitation, plus two years from the date of an accident to which those records pertain.

(10) This section does not modify or abrogate any otherwise applicable insurance requirement set forth in Title 48 RCW.

(11) After July 1, 2016, an insurance company regulated under Title 48 RCW may not deny an otherwise covered claim arising exclusively out of the personal use of the private passenger automobile solely on the basis that the insured, at other times, used the private passenger automobile covered by the policy to provide transportation network company services.

(12) A city, county, political subdivision, or special purpose district may not:

(a) Adopt a law, rule, or ordinance that is in conflict with this chapter;

(b) Except as provided in subsections (13) and (14) of this section, require a transportation network company or driver to obtain any additional approval to provide services, such as a permit or license, before operating within the jurisdiction. However, this subsection (12)(b) does not apply to standard business licenses and the levying of business-related taxes at the local level; or

(c) Prohibit the provision of transportation network company services or the use of such services within the jurisdiction.

(13) Cities with a population of more than one hundred fifty thousand and counties with a population of more than four hundred forty thousand may (a) require a transportation network company to obtain additional approval to provide services, such as a permit or license, before operating within the jurisdiction, (b) impose regulatory fees to cover the costs of enforcement, and (c) impose monetary penalties by civil infraction for the violation of any of the provisions of this chapter. If a city or county exercises the authority provided under this subsection, it must provide quarterly reports to the department regarding its regulatory activities.

(14) A port district that operates an airport may (a) require a transportation network company to obtain additional approval to provide services, such as a permit or license, before operating within the port district, (b) impose regulatory or use fees related to the operation of the transportation network company within the port district as otherwise allowed by law, and (c) impose monetary penalties for the violation of any of the provisions of this chapter or any supplemental rules not in conflict with this chapter adopted by the port district to ensure safe and reliable transportation network company services within the port district. If a port district exercises the authority provided under this subsection, it must provide quarterly reports to the department regarding its regulatory activities.

(15) A port district that operates an airport must consider all for hire operators, including taxicab companies, on an equal basis

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in the request for proposals process used to determine which entity or entities will be contracted to provide on-demand commercial transportation services to and from the airport. Nothing in this subsection (15) restricts the criteria used by the port district in determining which entity or entities will be contracted to provide commercial transportation services to and from the airport.

NEW SECTION. **Sec. 4.** (1) The following requirements apply to the provision of services:

(a) A driver may not solicit or accept the on-demand summoning of a ride.

(b) A transportation network company must make available to prospective passengers and drivers the method by which the transportation network company calculates fares or the applicable rates being charged and an option to receive an estimated fare.

(c) Upon completion of a prearranged ride, a transportation network company must transmit to the passenger an electronic receipt, either by electronic mail or by text message, which must document:

(i) The point of origin and destination of the passenger's trip;

(ii) The total duration and distance of the passenger's trip;

(iii) The total fare paid, including the base fare and any additional charges incurred or distance traveled or duration of the passenger's trip; and

(iv) The driver's first name and license plate number.

(d) Before permitting a person to act as a driver on its digital network or software application, a transportation network company must confirm that the person is at least twenty-one years of age and possesses:

(i) A valid driver's license;

(ii) Proof of private passenger automobile insurance;

(iii) Proof that the vehicle is registered in Washington; and

(iv) Pursuant to rules adopted by the department, proof that the person has certified that he or she does not experience any condition that interferes with his or her ability to safely provide services pursuant to this chapter.

(e) A driver may not provide prearranged rides for more than twelve consecutive hours or more than twelve hours in any twenty-four hour period, except that a driver may finish a prearranged ride that began before either time restriction.

(f) A transportation network company must implement an intoxicating substance policy for drivers that disallows any amount of intoxication of the driver while providing services. The transportation network company must include on its web site and mobile device application software a notice concerning the transportation network company's intoxicating substance policy.

(g)(i) Prior to providing transportation network company services, a transportation network company must require every personal vehicle to undergo a uniform vehicle safety inspection performed by an approved mechanic who must certify in writing that the vehicle is mechanically sound and fit for driving. The approved mechanic must also certify in writing that the exterior markings required under this section are legible and properly displayed.

(ii) The safety inspection required under this subsection (1)(g) must be conducted annually while the personal vehicle is being used to provide transportation network company services and include an inspection of the following:

(A) Foot brakes;

(B) Emergency brakes;

(C) Steering mechanism;

(D) Windshield;

(E) Rear window and other glass;

(F) Windshield wipers;

(G) Headlights;

(H) Taillights;

(I) Turn indicator lights;

(J) Stop lights;

(K) Front seat adjustment mechanism;

(L) The opening, closing, and locking capability of the doors;

(M) Horn;

(N) Speedometer;

(O) Bumpers;

(P) Muffler and exhaust system;

(Q) Tire conditions, including tread depth;

(R) Interior and exterior rearview mirrors; and

(S) Safety belts.

(iii) A transportation network company or a third party must retain inspection records for at least fourteen months after an inspection was conducted for each personal vehicle used by a driver.

(iv) For purposes of this subsection (1)(g), "approved mechanic" means a mechanic or technician who is certified with the national institute for automotive service excellence and does not own, lease, or drive a taxicab, for hire vehicle, or transportation network company-endorsed vehicle.

(h) A personal vehicle must be no more than ten years old, have at least four doors, and be designed to carry no more than eight passengers, including the driver.

(i)(i) A transportation network company must make the following disclosures to a prospective driver in the prospective driver's terms of service:

WHILE OPERATING ON THE TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR SOFTWARE APPLICATION, YOUR PRIVATE PASSENGER AUTOMOBILE INSURANCE POLICY MIGHT NOT AFFORD LIABILITY, UNDERINSURED MOTORIST, PERSONAL INJURY PROTECTION, COMPREHENSIVE OR COLLISION COVERAGE, DEPENDING ON THE TERMS OF THE POLICY.

IF THE VEHICLE THAT YOU PLAN TO USE TO PROVIDE TRANSPORTATION NETWORK COMPANY SERVICES FOR OUR TRANSPORTATION NETWORK COMPANY HAS A LIEN AGAINST IT, YOU MUST NOTIFY THE LIENHOLDER THAT YOU WILL BE USING THE VEHICLE FOR TRANSPORTATION NETWORK COMPANY SERVICES THAT MAY VIOLATE THE TERMS OF YOUR CONTRACT WITH THE LIENHOLDER.

(ii) The prospective driver must acknowledge the terms of service electronically or by signature.

(j) A transportation network company must make available to a passenger a customer support telephone number on its digital network, software application, or web site for passenger inquiries or complaints.

(k)(i) A transportation network company may not disclose to a third party any personally identifiable information concerning the user of the transportation network company's digital network or software application, unless:

(A) The transportation network company obtains the user's consent to disclose personally identifiable information;

(B) Disclosure is necessary to comply with a legal obligation; or

(C) Disclosure is necessary to protect or defend the terms and conditions for use of the service or to investigate violations of the terms and conditions.

(ii) The limitation on disclosure does not apply to the disclosure of aggregated user data. In addition, a transportation network company may share a passenger's first name or telephone number, or both, with the driver providing a prearranged ride to the passenger in order to facilitate correct

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identification of the passenger by the driver or to facilitate communication between the passenger and the driver.

(iii) The department may revoke a transportation network company's permit upon the department's finding that the company knowingly or negligently violated the passenger privacy provisions of this subsection (1)(k).

(2) Each transportation network company must require that each personal vehicle providing transportation network company services display a plainly visible exterior marking that identifies the personal vehicle as one providing such services.

(3)(a) Before a person is permitted to act as a driver through use of a transportation network company's digital network or software application, the person must undergo a criminal history record check for conviction records performed by the Washington state patrol or an entity approved by the department that meets standards adopted by rule by the department. A driver must undergo a criminal history record check every year while serving as a driver. The department must retain the results of a criminal history record check for each driver that provides services for the transportation network company until five years after the criminal history record check was conducted or until the acquisition of an updated criminal history record check, whichever occurs first. A criminal history record check must remain confidential, may be used only for the purposes of this subsection (3), and is not subject to the disclosure requirements under chapter 42.56 RCW.

(b) A person who has been convicted of driving under the influence of drugs or alcohol in the previous five years before applying to become a driver may not serve as a driver.

(c)(i) If the criminal history record check reveals that the person has ever been convicted of the following offenses, the person may not serve as a driver:

(A) A sex offense, as described in chapters 9.68A and 9A.44 RCW;

(B) A violent offense, as defined in RCW 9.94A.030.

(ii) A person who has been convicted of a comparable offense to the offenses listed in (c)(i) of this subsection in another state may not serve as a driver.

(iii) If the criminal history record check reveals that the person has ever been convicted of the following felony offenses in the previous five years before applying to become a driver, the person may not serve as a driver:

(A) A felony offense involving fraud, as described in chapters 9.45 and 9A.60 RCW;

(B) Felony burglary, trespass, or vehicle prowling, as described in chapter 9A.52 RCW;

(C) Felony theft, robbery, extortion, or possession of stolen property, as described in chapter 9A.56 RCW.

(iv) A person who has been convicted of a comparable offense to the offenses listed in (c)(iii) of this subsection in another state in the previous five years before applying to become a driver may not serve as a driver.

(4)(a) Before permitting an individual to act as a driver on its digital network or software application, a transportation network company must obtain and review the individual's driving record.

(b) An individual with the following violations may not serve as a driver:

(i) More than three moving violations within the three-year period preceding the individual's application to serve as a driver; or

(ii) A violation for reckless driving under RCW 46.61.500; vehicular homicide under RCW 46.61.520; vehicular assault under RCW 46.61.522; negligent driving in the first or second degree under RCW 46.61.5249, 46.61.525, or 46.61.526; driving without a license under RCW 46.20.005; or driving with a revoked license under RCW 46.20.342 or 46.20.345.

(c) A transportation network company or a third party must retain the driving record for each driver that provides services for the transportation network company for at least three years.

(5) If any person files a complaint with the department against a transportation network company or driver, the department may inspect the transportation network company's records as reasonably necessary to investigate and resolve the complaint.

(6)(a) Except for a trip whose destination is more than thirty-five miles from where the passenger is picked up, a transportation network company and transportation network company drivers must provide services to the public in a nondiscriminatory manner, regardless of geographic location of the departure point or destination. Once a passenger is in the vehicle, a driver may not refuse a passenger's request to use a toll facility if the use of the facility would facilitate an efficient route of travel to the passenger's destination; however, an additional charge may be imposed by the company to cover any applicable toll. A transportation network company or transportation network company driver may not refuse service or impose additional charges or conditions based on a passenger's race, religion, ethnicity, gender, sexual orientation, gender identity, or disability. Once a passenger and driver have been matched for the purpose of a prearranged ride, a driver may not refuse to transport a passenger, unless:

(i) The passenger is acting in an unlawful, disorderly, or endangering manner; or

(ii) The passenger is unable to care for himself or herself and is not in the charge of a responsible companion.

(b) A driver must permit a service animal to accompany a passenger on a prearranged ride.

(c)(i) If a passenger with physical or mental disabilities requires the use of mobility equipment, a driver must store such equipment in the vehicle during a prearranged ride, if the vehicle is reasonably capable of doing so. If the driver is unable to store a passenger's mobility equipment in the driver's vehicle, the driver must refer the passenger to another driver or transportation service with a vehicle that is equipped to accommodate such equipment, and may not charge the passenger a cancellation fee.

(ii) If a passenger is traveling with a child who requires the use of a child restraint system under RCW 46.61.687, a driver must allow the passenger to temporarily install the restraint system in the personal vehicle, if the vehicle is reasonably capable of accepting it. If the child restraint system is unable to be temporarily installed in the vehicle, the driver must refer the passenger to another driver or transportation service with a vehicle that is equipped to accommodate such a system, and may not charge the passenger a cancellation fee.

(7) Within ten days of receiving a complaint about a driver's alleged violation of subsection (6) of this section, the department must report the complaint to the transportation network company for which the driver provides services.

(8) A driver must immediately report to the transportation network company any refusal to transport a passenger pursuant to subsection (6)(a) of this section, and the transportation network company must annually report all such refusals to the department in a form and manner determined by the department.

NEW SECTION. **Sec. 5.** (1) A transportation network company may not operate without first having obtained a permit from the department. The department must require this permit to be renewed annually.

(2) The department must issue a permit to each transportation network company that meets the requirements of this chapter and pays to the department the fees required under subsection (3) of this section. The department may adjust the annual permit fee by rule to recover the department's direct and indirect costs associated with implementing this chapter.

(3)(a) A transportation network company must pay the following fee to the department at the time of its initial application for a permit:

(i) Until July 1, 2016, the fee is one hundred thousand dollars; and

(ii) After July 1, 2016, the fee is five thousand dollars.

(b) Upon the annual renewal of a permit issued pursuant to this section, a transportation network company must pay the following applicable renewal fee, depending on the number of drivers shown in the transportation network company's most recent quarterly report sent to the department pursuant to section 2(4) of this act:

(i) For transportation network companies with ten or fewer drivers, the annual renewal fee is five thousand dollars;

(ii) For transportation network companies with between eleven and one hundred drivers, the annual renewal fee is twenty thousand dollars;

(iii) For transportation network companies with between one hundred one and one thousand drivers, the annual renewal fee is fifty thousand dollars; and

(iv) For transportation network companies with more than one thousand drivers, the annual renewal fee is one hundred thousand dollars.

(4) The department must determine the form and manner of the application for a transportation network company permit.

(5) Consistent with section 2(1)(a) of this act, the department may cancel, revoke, or suspend any permit issued under this chapter on any of the following grounds:

(a) The violation of any of the provisions of this chapter;

(b) The violation of an order, decision, rule, or requirement established by the department under this chapter;

(c) Failure of the transportation network company to pay a fee imposed on the company, including those imposed by a jurisdiction under section 3 (13) and (14) of this act, within the time required under law; or

(d) Failure of the transportation network company to maintain insurance coverage, if required under this chapter.

(6) The department may deny an application under this chapter, or refuse to renew the permit of a transportation network company, based on a determination that the transportation network company has not satisfied a civil penalty arising out of an administrative or enforcement action brought by the department.

NEW SECTION. **Sec. 6.** The transportation network company account is created in the custody of the state treasurer. All moneys received by the department pursuant to this chapter, and any interest earned on investments in the account, must be deposited into the account. Expenditures from the account may be used by the department for any purpose related to the regulation of transportation network companies that is consistent with this chapter. Only the director or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

NEW SECTION. **Sec. 7.** (1) The department may adopt all rules specifically necessary to enforce this chapter.

(2) The department must adopt rules requiring a transportation network company to file with the department evidence of the transportation network company's insurance policies required under this chapter and proof of continued validity of these policies.

NEW SECTION. **Sec. 8.** All personally identifiable information collected under this chapter is exempt from disclosure under chapter 42.56 RCW.

Sec. 9. RCW 18.235.020 and 2013 c 322 s 29 are each amended to read as follows:

(1) This chapter applies only to the director and the boards and commissions having jurisdiction in relation to the businesses and professions licensed under the chapters specified in this section. This chapter does not apply to any business or profession not licensed under the chapters specified in this section.

(2)(a) The director has authority under this chapter in relation to the following businesses and professions:

(i) Auctioneers under chapter 18.11 RCW;

(ii) Bail bond agents and bail bond recovery agents under chapter 18.185 RCW;

(iii) Camping resorts' operators and salespersons under chapter 19.105 RCW;

(iv) Commercial telephone solicitors under chapter 19.158 RCW;

(v) Cosmetologists, barbers, manicurists, and estheticians under chapter 18.16 RCW;

(vi) Court reporters under chapter 18.145 RCW;

(vii) Driver training schools and instructors under chapter 46.82 RCW;

(viii) Employment agencies under chapter 19.31 RCW;

(ix) For hire vehicle operators under chapter 46.72 RCW;

(x) Limousines under chapter 46.72A RCW;

(xi) Notaries public under chapter 42.44 RCW;

(xii) Private investigators under chapter 18.165 RCW;

(xiii) Professional boxing, martial arts, and wrestling under chapter 67.08 RCW;

(xiv) Real estate appraisers under chapter 18.140 RCW;

(xv) Real estate brokers and salespersons under chapters 18.85 and 18.86 RCW;

(xvi) Scrap metal processors, scrap metal recyclers, and scrap metal suppliers under chapter 19.290 RCW;

(xvii) Security guards under chapter 18.170 RCW;

(xviii) Sellers of travel under chapter 19.138 RCW;

(xix) Timeshares and timeshare salespersons under chapter 64.36 RCW;

(xx) Transportation network companies under chapter 46.--- RCW (the new chapter created in section 17 of this act);

(xxi) Whitewater river outfitters under chapter 79A.60 RCW;

((~~(xxi)~~)) (xxii) Home inspectors under chapter 18.280 RCW;

((~~(xxii)~~)) (xxiii) Body artists, body piercers, and tattoo artists, and body art, body piercing, and tattooing shops and businesses, under chapter 18.300 RCW; and

((~~(xxiii)~~)) (xxiv) Appraisal management companies under chapter 18.310 RCW.

(b) The boards and commissions having authority under this chapter are as follows:

(i) The state board for architects established in chapter 18.08 RCW;

(ii) The Washington state collection agency board established in chapter 19.16 RCW;

(iii) The state board of registration for professional engineers and land surveyors established in chapter 18.43 RCW governing licenses issued under chapters 18.43 and 18.210 RCW;

(iv) The funeral and cemetery board established in chapter 18.39 RCW governing licenses issued under chapters 18.39 and 68.05 RCW;

(v) The state board of licensure for landscape architects established in chapter 18.96 RCW; and

(vi) The state geologist licensing board established in chapter 18.220 RCW.

(3) In addition to the authority to discipline license holders, the disciplinary authority may grant or deny licenses based on the conditions and criteria established in this chapter and the chapters

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specified in subsection (2) of this section. This chapter also governs any investigation, hearing, or proceeding relating to denial of licensure or issuance of a license conditioned on the applicant's compliance with an order entered under RCW 18.235.110 by the disciplinary authority.

Sec. 10. RCW 42.56.270 and 2014 c 192 s 6, 2014 c 174 s 5, and 2014 c 144 s 6 are each reenacted and amended to read as follows:

The following financial, commercial, and proprietary information is exempt from disclosure under this chapter:

(1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;

(2) Financial information supplied by or on behalf of a person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for (a) a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750 or (b) highway construction or improvement as required by RCW 47.28.070;

(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

(4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 43.325, 43.163, 43.160, 43.330, and 43.168 RCW, or during application for economic development loans or program services provided by any local agency;

(5) Financial information, business plans, examination reports, and any information produced or obtained in evaluating or examining a business and industrial development corporation organized or seeking certification under chapter 31.24 RCW;

(6) Financial and commercial information supplied to the state investment board by any person when the information relates to the investment of public trust or retirement funds and when disclosure would result in loss to such funds or in private loss to the providers of this information;

(7) Financial and valuable trade information under RCW 51.36.120;

(8) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean Washington center in applications for, or delivery of, program services under chapter 70.95H RCW;

(9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;

(10)(a) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), marijuana producer, processor, or retailer license, liquor license, gambling license, or lottery retail license;

(b) Internal control documents, independent auditors' reports and financial statements, and supporting documents: (i) Of house-banked social card game licensees required by the gambling commission pursuant to rules adopted under chapter 9.46 RCW; or (ii) submitted by tribes with an approved tribal/state compact for class III gaming;

(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

(12)(a) When supplied to and in the records of the department of commerce:

(i) Financial and proprietary information collected from any person and provided to the department of commerce pursuant to RCW 43.330.050(8); and

(ii) Financial or proprietary information collected from any person and provided to the department of commerce or the office of the governor in connection with the siting, recruitment, expansion, retention, or relocation of that person's business and until a siting decision is made, identifying information of any person supplying information under this subsection and the locations being considered for siting, relocation, or expansion of a business;

(b) When developed by the department of commerce based on information as described in (a)(i) of this subsection, any work product is not exempt from disclosure;

(c) For the purposes of this subsection, "siting decision" means the decision to acquire or not to acquire a site;

(d) If there is no written contact for a period of sixty days to the department of commerce from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a)(ii) of this subsection will be available to the public under this chapter;

(13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 70.95N RCW to implement chapter 70.95N RCW;

(14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under chapter 43.350 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information;

(15) Financial and commercial information provided as evidence to the department of licensing as required by RCW 19.112.110 or 19.112.120, except information disclosed in aggregate form that does not permit the identification of information related to individual fuel licensees;

(16) Any production records, mineral assessments, and trade secrets submitted by a permit holder, mine operator, or landowner to the department of natural resources under RCW 78.44.085;

(17)(a) Farm plans developed by conservation districts, unless permission to release the farm plan is granted by the landowner or operator who requested the plan, or the farm plan is used for the application or issuance of a permit;

(b) Farm plans developed under chapter 90.48 RCW and not under the federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject to RCW 42.56.610 and 90.64.190;

(18) Financial, commercial, operations, and technical and research information and data submitted to or obtained by a health sciences and services authority in applications for, or delivery of, grants under RCW 35.104.010 through 35.104.060, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information;

(19) Information gathered under chapter 19.85 RCW or RCW 34.05.328 that can be identified to a particular business;

(20) Financial and commercial information submitted to or obtained by the University of Washington, other than information the university is required to disclose under RCW 28B.20.150, when the information relates to investments in private funds, to the extent that such information, if revealed, would reasonably be expected to result in loss to the University of Washington

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consolidated endowment fund or to result in private loss to the providers of this information; ((~~and~~))

(21) Market share data submitted by a manufacturer under RCW 70.95N.190(4); ((~~and~~))

(22) Financial information supplied to the department of financial institutions or to a portal under RCW 21.20.883, when filed by or on behalf of an issuer of securities for the purpose of obtaining the exemption from state securities registration for small securities offerings provided under RCW 21.20.880 or when filed by or on behalf of an investor for the purpose of purchasing such securities; and

(23) The quarterly reports submitted by transportation network companies pursuant to section 2(4) of this act and any records provided to the department of licensing to facilitate the enforcement of chapter 46.--- RCW (the new chapter created in section 17 of this act).

Sec. 11. RCW 46.72.010 and 1996 c 87 s 18 are each amended to read as follows:

When used in this chapter:

(1) The term "for hire vehicle" includes all vehicles used for the transportation of passengers for compensation, except auto stages, school buses operating exclusively under a contract to a school district, ride-sharing vehicles under chapter 46.74 RCW, limousine carriers licensed under chapter 46.72A RCW, personal vehicles used to provide transportation network company services under chapter 46.--- RCW (the new chapter created in section 17 of this act), vehicles used by nonprofit transportation providers for ((~~elderly or handicapped~~)) persons with special transportation needs and their attendants under chapter 81.66 RCW, vehicles used by auto transportation companies licensed under chapter 81.68 RCW, vehicles used to provide courtesy transportation at no charge to and from parking lots, hotels, and rental offices, and vehicles used by charter party carriers of passengers and excursion service carriers licensed under chapter 81.70 RCW;

(2) The term "for hire operator" means and includes any person, concern, or entity engaged in the transportation of passengers for compensation in for hire vehicles.

Sec. 12. RCW 51.12.020 and 2013 c 141 s 3 are each amended to read as follows:

The following are the only employments which shall not be included within the mandatory coverage of this title:

(1) Any person employed as a domestic servant in a private home by an employer who has less than two employees regularly employed forty or more hours a week in such employment.

(2) Any person employed to do gardening, maintenance, or repair, in or about the private home of the employer. For the purposes of this subsection, "maintenance" means the work of keeping in proper condition, "repair" means to restore to sound condition after damage, and "private home" means a person's place of residence.

(3) A person whose employment is not in the course of the trade, business, or profession of his or her employer and is not in or about the private home of the employer.

(4) Any person performing services in return for aid or sustenance only, received from any religious or charitable organization.

(5) Sole proprietors or partners.

(6) Any child under eighteen years of age employed by his or her parent or parents in agricultural activities on the family farm.

(7) Jockeys while participating in or preparing horses for race meets licensed by the Washington horse racing commission pursuant to chapter 67.16 RCW.

(8)(a) Except as otherwise provided in (b) of this subsection, any bona fide officer of a corporation voluntarily elected or voluntarily appointed in accordance with the articles of incorporation or bylaws of the corporation, who at all times during the period involved is also a bona fide director, and who is also a shareholder of the corporation. Only such officers who exercise substantial control in the daily management of the corporation and whose primary responsibilities do not include the performance of manual labor are included within this subsection.

(b) Alternatively, a corporation that is not a "public company" as defined in RCW 23B.01.400 may exempt eight or fewer bona fide officers, who are voluntarily elected or voluntarily appointed in accordance with the articles of incorporation or bylaws of the corporation and who exercise substantial control in the daily management of the corporation, from coverage under this title without regard to the officers' performance of manual labor if the exempted officer is a shareholder of the corporation, or may exempt any number of officers if all the exempted officers are related by blood within the third degree or marriage. If a corporation that is not a "public company" elects to be covered under subsection (8)(a) of this section, the corporation's election must be made on a form prescribed by the department and under such reasonable rules as the department may adopt.

(c) Determinations respecting the status of persons performing services for a corporation shall be made, in part, by reference to Title 23B RCW and to compliance by the corporation with its own articles of incorporation and bylaws. For the purpose of determining coverage under this title, substance shall control over form, and mandatory coverage under this title shall extend to all workers of this state, regardless of honorary titles conferred upon those actually serving as workers.

(d) A corporation may elect to cover officers who are exempted by this subsection in the manner provided by RCW 51.12.110.

(9) Services rendered by a musician or entertainer under a contract with a purchaser of the services, for a specific engagement or engagements when such musician or entertainer performs no other duties for the purchaser and is not regularly and continuously employed by the purchaser. A purchaser does not include the leader of a group or recognized entity who employs other than on a casual basis musicians or entertainers.

(10) Services performed by a newspaper vendor, carrier, or delivery person selling or distributing newspapers on the street, to offices, to businesses, or from house to house and any freelance news correspondent or "stringer" who, using his or her own equipment, chooses to submit material for publication for free or a fee when such material is published.

(11) Services performed by an insurance producer, as defined in RCW 48.17.010, or a surplus line broker licensed under chapter 48.15 RCW.

(12) Services performed by a booth renter. However, a person exempted under this subsection may elect coverage under RCW 51.32.030.

(13) Members of a limited liability company, if either:

(a) Management of the company is vested in its members, and the members for whom exemption is sought would qualify for exemption under subsection (5) of this section were the company a sole proprietorship or partnership; or

(b) Management of the company is vested in one or more managers, and the members for whom the exemption is sought are managers who would qualify for exemption under subsection (8) of this section were the company a corporation.

(14) A transportation network company driver providing transportation network company services unless a transportation network company and the transportation network company driver expressly agree otherwise in writing. For purposes of this

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subsection, a transportation network company driver qualifies under this subsection only if:

(a) The transportation network company does not prescribe specific hours during which a transportation network company driver must be logged into the transportation network company's digital platform or establish a minimum number of (i) prearranged rides accepted, (ii) hours worked, or (iii) miles traveled;

(b) The transportation network company imposes no restrictions on the transportation network company driver's ability to utilize digital platforms from other transportation network companies;

(c) The transportation network company does not assign the transportation network company driver a particular territory in which transportation network company services can be provided; and

(d) The transportation network company does not restrict a transportation network company driver from engaging in any other occupation or business.

(15) For hire vehicle operators under chapter 46.72 RCW who own or lease the for hire vehicle, chauffeurs under chapter 46.72A RCW who own or lease the limousine, and operators of taxicabs under chapter 81.72 RCW who own or lease the taxicab. An owner or lessee may elect coverage in the manner provided by RCW 51.32.030.

Sec. 13. RCW 81.72.240 and 2011 c 190 s 8 are each amended to read as follows:

(1) By September 1, 2015, and at least every two years thereafter, any city, town, county, or port district setting the rates charged for taxicab services under this chapter must adjust rates to accommodate ((~~changes~~)) increases or decreases in the cost of industrial insurance ((~~or in other industry-wide costs~~)).

(2) By September 1, 2015, and at least every two years thereafter, any city, town, county, or port district regulating lease rates under this chapter must adjust rates to accommodate increases or decreases in the cost of industrial insurance. Any changes in lease rates take effect upon entry into a new lease.

(3) Any business that as owner leases a taxicab licensed under this chapter to a for hire operator must make a reasonable effort to train the for hire operator in motor vehicle operation and safety requirements and monitor operator compliance. Monitoring operator compliance may include the use of vehicle operator monitoring cameras.

Sec. 14. RCW 43.79A.040 and 2013 c 251 s 5 and 2013 c 88 s 1 are each reenacted and amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury, and may be commingled with moneys in the state treasury for cash management and cash balance purposes.

(2) All income received from investment of the treasurer's trust fund must be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments must occur prior to distribution of earnings set forth in subsection (4) of this section.

(4)(a) Monthly, the state treasurer must distribute the earnings credited to the investment income account to the state general fund except under (b), (c), and (d) of this subsection.

(b) The following accounts and funds must receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The Washington promise scholarship account, the Washington advanced college tuition payment program account, the accessible communities account, the community and technical college innovation account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the county enhanced 911 excise tax account, the toll collection account, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family leave insurance account, the food animal veterinarian conditional scholarship account, the fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the Washington global health technologies and product development account, the grain inspection revolving fund, the industrial insurance rainy day fund, the juvenile accountability incentive account, the law enforcement officers' and firefighters' plan 2 expense fund, the local tourism promotion account, the multiagency permitting team account, the pilotage account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund and breeder awards account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account, the life sciences discovery fund, the Washington state heritage center account, the reduced cigarette ignition propensity account, the center for childhood deafness and hearing loss account, the school for the blind account, the Millersylvania park trust fund, the public employees' and retirees' insurance reserve fund, the transportation network company account, and the radiation perpetual maintenance fund.

(c) The following accounts and funds must receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advanced right-of-way revolving fund, the advanced environmental mitigation revolving account, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.

(d) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the custody of the state treasurer that deposits funds into a fund or account in the custody of the state treasurer pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no trust accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

NEW SECTION. **Sec. 15.** The following acts or parts of acts are each repealed:

(1) RCW 46.72.073 (Certificate suspension or revocation—Failure to pay industrial insurance premiums—Rules—Cooperative agreements) and 2011 c 190 s 5;

(2) RCW 46.72A.053 (Certificate suspension or revocation—Failure to pay industrial insurance

premiums—Rules—Cooperative agreements) and 2011 c 190 s 6;

(3) RCW 51.12.180 (For hire vehicle businesses and operators—Findings—Declaration) and 2011 c 190 s 1;

(4) RCW 51.12.183 (For hire vehicle businesses and operators—Mandatory coverage—Definitions) and 2011 c 190 s 2;

(5) RCW 51.12.185 (For hire vehicle owners—Retrospective rating program) and 2011 c 190 s 4;

(6) RCW 51.16.240 (For hire vehicle businesses and operators—Basis for premiums—Rules) and 2011 c 190 s 3; and

(7) RCW 81.72.230 (License suspension or revocation—Failure to pay industrial insurance premiums—Rules—Cooperative agreements) and 2011 c 190 s 7.

NEW SECTION. **Sec. 16.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 17.** Sections 1 through 8 of this act constitute a new chapter in Title 46 RCW."

MOTION

Senator Fain moved that the following amendment by Senators Fain and Liias to the striking amendment be adopted:

On page 7, beginning on line 1 of the amendment, after "(12)" strike all material through "activities" on line 22 and insert "Except as otherwise provided in subsections (13) and (14) of this section, every transportation network company, transportation network company driver, and vehicle operated by a transportation network company driver is subject to exclusive control, supervision, and regulation by the department; however, enforcement of this chapter, including department rules adopted under this chapter, may be by the department and any law enforcement officer. Nothing in this chapter shall be construed as authorizing the adoption of local ordinances providing for local regulation of transportation network companies, transportation network company drivers, or vehicles operated by transportation network company drivers. However, this subsection (12) does not apply to standard business licenses and the levying of business-related taxes at the local level.

(13) A city with a population of more than one hundred fifty thousand and a county with a population of more than four hundred forty thousand may impose regulatory fees on a transportation network company to cover the costs of enforcement of this chapter. Any fee imposed on a transportation network company under this subsection (13) may not exceed the maximum permit fee required under section 5 of this act"

Senators Fain and Liias spoke in favor of adoption of the amendment to the striking amendment.

Senators Habib and Rolfes spoke against adoption of the amendment to the striking amendment.

POINT OF INQUIRY

Senator Billig: "Would Senator Fain yield to a question?"

Senator Fain: "The Senator does not yield."

The President declared the question before the Senate to be the adoption of the amendment by Senators Fain and Liias on page 7, line 1 to the striking amendment to Substitute Senate Bill No. 5550.

The motion by Senator Fain carried and the amendment to the striking amendment was adopted by voice vote.

MOTION

Senator Fain moved that the following amendment by Senators Fain and Liias to the striking amendment be adopted.

On page 11, line 15 of the amendment, after "driver." strike "The department" and insert "Either the entity performing the criminal history record check or the transportation network company"

Senators Fain and Liias spoke in favor of adoption of the amendment to the striking amendment.

Senators Habib and Rolfes spoke against adoption of the amendment to the striking amendment.

The President declared that one-sixth of the members supported the demand and the demand was sustained.

The President declared the question before the Senate to be the adoption of the amendment by Senators Fain and Liias on page 11, line 15 to the striking amendment to Substitute Senate Bill No. 5550.

ROLL CALL

The Secretary called the roll on the adoption of the amendment to the striking amendment by Senators Fain and Liias and the amendment was adopted by the following vote: Yeas, 29; Nays, 19; Absent, 0; Excused, 1.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Braun, Brown, Dammeier, Dansel, Ericksen, Fain, Hatfield, Hewitt, Hill, Hobbs, Honeyford, King, Liias, Litzow, Miloscia, O'Ban, Padden, Parlette, Pearson, Rivers, Roach, Schoesler, Sheldon and Warnick

Voting nay: Senators Billig, Chase, Cleveland, Conway, Darneille, Fraser, Habib, Hargrove, Hasegawa, Jayapal, Keiser, Kohl-Welles, McAuliffe, McCoy, Mullet, Nelson, Pedersen, Ranker and Rolfes

Excused: Senator Frockt

The President declared the question before the Senate to be the adoption of the striking amendment by Senator Habib to Substitute Senate Bill No. 5550 as amended.

Senator Habib spoke against the adoption of the striking amendment as amended.

Senator Rain spoke in favor of adoption of the striking amendment as amended.

The motion by Senator Habib carried and the striking amendment as amended was adopted by voice vote.

MOTION

There being no objection, the following title amendment was adopted:

On page 1, line 2 of the title, after "services;" strike the remainder of the title and insert "amending RCW 18.235.020, 46.72.010, 51.12.020, and 81.72.240; reenacting and amending RCW 42.56.270 and 43.79A.040; adding a new chapter to Title 46 RCW; and repealing RCW 46.72.073, 46.72A.053, 51.12.180, 51.12.183, 51.12.185, 51.16.240, and 81.72.230."

MOTION

On motion of Senator Fain, the rules were suspended, Engrossed Substitute Senate Bill No. 5550 was advanced to third

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reading, the second reading considered the third and the bill was placed on final passage.

Senators Fain and Baumgartner spoke in favor of passage of the bill.

Senators Habib and Hasegawa spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5550.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5550 and the bill passed the Senate by the following vote: Yeas, 30; Nays, 18; Absent, 0; Excused, 1.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Braun, Brown, Cleveland, Dammeier, Dansel, Ericksen, Fain, Hatfield, Hewitt, Hill, Hobbs, Honeyford, King, Liias, Litzow, Miloscia, O'Ban, Padden, Parlette, Pearson, Rivers, Roach, Schoesler, Sheldon and Warnick

Voting nay: Senators Billig, Chase, Conway, Darneille, Fraser, Habib, Hargrove, Hasegawa, Jayapal, Keiser, Kohl-Welles, McAuliffe, McCoy, Mullet, Nelson, Pedersen, Ranker and Rolfes

Excused: Senator Frockt

ENGROSSED SUBSTITUTE SENATE BILL NO. 5550, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

At 11:12 p.m., on motion of Senator Fain, the Senate adjourned until 10:00 a.m. Wednesday, March 11, 2015.

BRAD OWEN, President of the Senate

HUNTER G. GOODMAN, Secretary of the Senate

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